THE Alaska Clean Water Fund

ANNUAL REPORT

STATE FISCAL YEAR 2005

Prepared by the Division of Water

TABLE OF CONTENTS

INTRODUCTION1
EXECUTIVE SUMMARY
SHORT TERM GOALS1-2
LONG TERM GOALS
DETAILS OF ACCOMPLISHMENTS
A. Fund Financial Status
1. Binding Commitments3
2. Source of Funds
3. Cash Flows
4. Administrative Set-Aside
5. Disbursements
6. Audit Report4
B. Assistance Activities4
C. Provisions of the Operating Agreement and the Conditions of the Capitalization
Grant4-6
PROGRAM CHANGES
A. Comparison with the Intended Use Plan7
EXHIBIT 1: LOAN SPECIFIC INFORMATION
EXHIBIT 2: ACTUAL AND PROJECTED DISBURSEMENTS
EXHIBIT 3: ASSISTANCE AMOUNT BY NEEDS CATEGORY
EXHIBIT 4: NOTICE OF PUBLIC PARTICIPATION
EXHIBIT 5: DISBURSEMENT HISTORY
EXHIBIT 6: FINANCIAL STATEMENTS

INTRODUCTION

This document describes the activities of the Alaska Clean Water Fund (ACWF) during State Fiscal Year 2005 (SFY 05), July 1, 2004 through June 30, 2005.

EXECUTIVE SUMMARY

This past fiscal year, the Alaska Clean Water Fund received \$13,675,605 in principal repayments. The ACWF letter of credit (referred to as the federal Automated Clearing House System) increased by \$7,911,900 as a result of executing last years FFY04 federal capitalization grant. This federal capitalization money was matched by state funds in the amount of \$1,582,380. During this time, the fund earned \$4,275,822 in revenues, which included \$2,224,593 in investment income and \$2,051,229 in interest collected. Disbursements to projects from the fund totaled \$14,423,248. Eighty three percent of the disbursements or \$12,019,369 were federal funds drawn from the federal automated clearinghouse. Operating costs of the fund were \$262,966.

During SFY 05, the Alaska Clean Water Fund entered into loans or loan increases with two communities for projects totaling \$606,000. Information on these loans is presented in Exhibit 1.

SHORT TERM GOALS

The main short term goal identified in the State's Intended Use Plan (IUP) is to provide low cost loans to communities for the construction of secondary wastewater treatment and non-point source pollution control projects. During SFY 05, the State provided loans or loan increases to Sitka and the Matanuska-Susitna Borough. These communities were identified in the State's FY04 IUP.

On November 15, 2004, we executed a loan increase with the City and Borough of Sitka for \$310,000 to construct a wastewater solids handling system with an interest rate at 2.5% and a repayment period of 20 years.

On June 2, 2005, we executed a loan with the Matanuska-Susitna Borough for \$296,000 to fund the construction of an aluminum framed membrane covered structure for the storage of winter-salted sand with the interest rate at 1.50% and a repayment period of 20 years.

LONG TERM GOALS

Alaska made the following long-term commitments in our FY 04 Intended Use Plan:

- 1. Protect public health and the waters of the State by offering financial assistance for the construction of wastewater treatment facilities.
- 2. Assist local communities as they strive to achieve and maintain statewide compliance with Federal and State water quality standards.
- 3. Facilitate the construction of wastewater, estuary enhancement and non-point source pollution projects by providing a continuing source of financing to assist communities in attaining and maintaining compliance with the Clean Water Act as amended by the Water Quality Act of 1987, P.L. 100-4.

During SFY 05, Alaska pursued these ends by providing a continuing source of financial aid to assist communities in attaining and maintaining compliance with the Clean Water Act. Effective April 28, 2005, the State reduced the finance charge from an average 2.5% to 1.5% providing an enhanced incentive for communities to participate in the loan program. Alaska's loan finance charges also strike a reasonable compromise between the integrity and perpetuity of the fund while assisting communities to the greatest extent possible. Alaska Clean Water Fund earnings are higher than the rate of inflation.

DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

As shown in Exhibit 1, the Alaska Clean Water Fund entered into two loans or loan increases during SFY 05 totaling \$606,000.

2. Source of Funds

In SFY 05, we issued short-term bonds to acquire the proceeds to match our federal grants. The net bond proceeds amounted to \$1,582,380 in short-term debt. The debt was retired in one day. We will conduct a similar bonding exercise in SFY 06 to capture the federal grant.

3. Cash Flows

The Statement of Cash Flows appears in the Independent Audit Report. During SFY 05, a total of \$4,275,822 in revenues earned by the Fund comprised of \$2,224,593 in investment income and \$2,051,229 in interest collected on loans receivable.

4. Administrative Set-Aside

SFY 05 actual expenditures consisted of program administration costs totaling \$262,966. The Alaska Clean Water Fund has received \$137,665,762 in federal capitalization dollars. Under federal SRF rules, the State may use up to four percent of this amount (\$5,506,630) to administer the program. As of June 30, 2005, Alaska has expended a total of \$4,195,639 for administrative costs, \$3,496,364 were federal funds. The difference between the amount available for administration and the amount used is \$1,310,991, which will be used to fund future administrative costs.

5. Disbursements

Exhibits 2 and 5 show that during SFY 05, disbursements from the fund totaled \$14,423,248 of which 83% was drawn from the federal automated clearinghouse

6. Audit Report

The Alaska Clean Water Fund was audited as a major federal program under the Single Audit Act. The State's Single Audit Report for the fiscal year ending June 30, 2005 will not be released until January 2006. However, the ACWF has contracted for an independent audit of the program for SFY 05. A copy of this audit is attached. The audit notes no reportable conditions.

B. Assistance Activities

Exhibit 1 illustrates the financial assistance activities of the fund since inception. This exhibit describes the community served, project number, assistance amount, binding commitment date, loan interest rate and the amortization period of each loan.

C. Provisions of the Operating Agreement and the Conditions of the Capitalization Grant

Alaska has agreed to 32 specific administrative conditions contained in the Operating Agreement for the SRF or Capitalization Grant as special conditions with the EPA.

The following 22 special conditions or compliance requirements have been met:

- 1. Annual Intended Use Plan (IUP);
- 2. State Laws and Procedures;
- 3. State Accounting and Auditing Procedures;
- 4. Recipient Accounting and Auditing Procedures;
- 5. Maintain adequate staffing;
- 6. Ensure fund will be available in perpetuity;
- 7. Manage the fund in accordance with the Operating Agreement, federal and state laws, and regulations;
- 8. Agreement to accept payments;
- 9. Equivalency requirement;
- 10. Annual Report;
- 11. Annual Review;
- 12. Annual Audit;
- 13. Dedicated Fund;
- 14. Availability of Records;
- 15. Anti-lobbying;
- 16. Drug free workplace;

- 17. Rural Area Business Enterprise Development Plan;
- 18. Cost principles of OMB Circular A-87;
- 19. Four percent administrative funds limit;
- 20. Limitation to prevent double benefits eligibility of the non-federal share of construction grant projects;
- 21. Civil Rights Act; and
- 22. Certification of Legality

The following ten conditions have been met as described:

Provide a State Match

As of June 30, 2005, Alaska deposited \$27,735,864 million into the fund. Capitalization grants have been awarded for a total federal share of \$137,665,762.

2. Binding Commitments Within One Year

Under SRF rules, the State must enter binding commitments in amounts greater than or equal to 120% of each quarterly capitalization grant payment within one year of receipt. During SFY 05, Alaska met this requirement.

Expeditious and Timely Expenditure

The State disbursed all automated clearinghouse cash draws and associated State match monies in a timely and expeditious manner. Alaska continues to monitor projects to ensure timely initiation of operations.

4. First Use of Funds for Enforceable Requirements

Alaska has met all first use requirements.

5. Compliance with Title II Requirements

During SFY 05, Alaska entered into a loan agreement with the City and Borough of Sitka. The loan agreement funded \$310,000 in Title II Equivalency costs. All construction projects funded through the Clean Water Fund must meet Title II requirements. Currently, Alaska is on schedule to meet the equivalency requirements for the utilization of the FFY04 capitalization grant.

Exhibit 3 demonstrates the assistance amount by need categories for Section 212 projects.

MBE/WBE Requirement

During SFY05, the ACWF achieved MBE/WBE participation of nine percent. Both funded projects are under construction and have satisfied the MBE/WBE goal of seven percent.

7. Other Federal Authorities

The State and all loan recipients have complied with applicable federal authorities. Communities agree to this as a condition of their loan.

8. State Environmental Review Process

As demonstrated in Exhibit 4, the Department reviewed documentation provided by the Matanuska-Susitna Borough and concluded that Categorical Exclusion was appropriate for the Salted Sand Storage Building project. The Categorical Exclusion was issued October 8, 2004. It was published in a newspaper of area wide circulation October 13, 2004.

The Department reviewed documentation provided by the City and Borough of Sitka and concluded that a Categorical Exclusion was appropriate for the wastewater solids lime treatment project. The Categorical Exclusion was issued February 11, 2003. It was published in a newspaper of areawide circulation on February 14, 2003.

9. Cash Draw Procedures

Exhibit 5 shows that during SFY 05, all disbursements were drawn on an 83.33%/16.67% federal/State basis.

10. Disbursement Schedule/Commitment

Actual disbursements made in SFY 05 fell short of those estimated by the State in its Intended Use Plan (IUP). Alaska estimated SFY 05 disbursements would equal \$30 million. Actual disbursements totaled \$14,423,248. Exhibit 2 compares actual and projected disbursements.

PROGRAM CHANGES

A. Comparison with the Intended Use Plan

The Annual Report reflects the following changes from the State's Intended Use Plan:

Several of the projects did not proceed as soon as expected, which decreased their disbursement requests. Other projects found other funding sources.

Changes to the dates binding commitments were actually executed caused Alaska's binding commitment schedule to vary slightly from the estimates provided in the Intended Use Plan.

EXHIBIT 1 LOAN SPECIFIC INFORMATION

EXHIBIT 1 LOAN SPECIFIC INFORMATION

Community Served	Project Name	Project Number Loan Amount	Loan Amount	Agreement Date	Finance Charge Rate	Original Rate	Amortization Period
Loans made during SFY05 Silka Mat-Su Borough	WWT Solids Lime Treatment Salted Sand Storage Building	783051 561021	\$310,000 \$296,000	11/15/2004 6/2/2005	1.50%	2.50% 2.50%	20 years 20 years
Loans made during SFY04 Homer	Sewer Master Plan	409051	\$150,000	8/12/2003	1.50%	2.50%	10 years
Anchorage Anchorage	FY 97 Miscellaneous Projects Cell 7 Construction	127101 127511	\$250,000 \$5,704,515	10/24/2003 4/16/2004	1.50% 1.50%	2.50%	20 years 20 years
Anchorage Anchorage	Cell 7 Design SCADA	127521 127451	\$525,000 \$4,000,000	3/24/2004 6/18/2004	1.50% 1.50%	2.50%	20 years 20 years
Anchorage	Asplund WWTF Process Improvements	127481	\$4,200,000	6/18/2004	1.50%	2.50%	20 years
Loans made during SFY03		44.00	000	COCCINIC	, e	č	
Vvasilia Homer	Sewer Main Improvements Sewer Service Extensions	903041 409031	\$3.431.113	0/1/2002	1.50%	2.50%	20 years
Nenana	Sewer Extension, Phase I	605011	\$100,000	1/23/2003	1.50%	2.50%	20 years
Sitka	WWT Solids Lime Treatment	783051	\$1,000,000	3/13/2003	1.50%	2.50%	20 years
Anchorage	C-5-7 Trunk Sewer	127271	\$3,000,000	5/19/2003	1.50%	2.50%	20 years
Wrangell	Wastewater Treatment Facility Project	917041	\$2,949	6/24/2003	1.50%	2.50%	20 years
Loans made during SFY02							
Anchorage	B-4AB Sewer Trunk Upgrade	127421	\$3,000,000	7/19/2001	1.50%	2.50%	20 years
Fairbanks North Star	Solid Waste Landfill (traditional)	339011	\$2,500,000	1/8/2002	1.50%	2.50%	5 years
Juneau	Valley Court Sewer System Upgrade	445071	\$50,000	1/8/2002	1.50%	2.50%	20 years
Juneau	Mendenhall Treatment Plant Improvements	445141	\$1,300,000	2/20/2002	1.50%	2.50%	20 years
Juneau	20" Force Main Upgrade Project	445131	\$1,603,000	3/18/2002	1.50%	2.50%	20 years
Junean		445131	\$600,000	6/25/2002	1.50%	2.50%	20 years
Kotzebue	2001 Wastewater Equipment Upgrade	515021	\$320,000	7/12/2001	1.00%	1.00%	5 years
Mat-Su Borough	Cell 2A Closure	561011	\$500,000	10/2/2001	1.50%	2.50%	10 years
North Slope Borough	Kaktovík Sewer Project	635041	\$14,500,000	10/22/2001	1.50%	2.50%	10 years
Sitka	Sawmill Creek Sewer Extension	783041	\$250,000	7/19/2001	1.50%	2.50%	10 years
wasiila Wrangell	Sewer Main Improvements Wastewater Treatment Facility Project	905031	\$580,000 \$677,051	5/13/2002	1.50%	2.50%	20 years

EXHIBIT 1 LOAN SPECIFIC INFORMATION

Community Served	Project Name	Project Number	Loan Amount	Project Number Loan Amount Agreement Date	Finance Charge Rate	Original Rate	Finance Charge Rate Original Rate Amortization Period
Loans made during SFY01 Anchorage	FY99 Miscellaneous Small Sewer R&R	127221	\$375,000	4/17/2001	1.50%	2.50%	20 years
Juneau Juneau	Mendenhall Treatment Plant Improvements Valley Court Sewer System Upgrade	445101 445071	\$140,000 \$350,000	11/21/2000 4/11/2001	1.50% 1.50%	2.50% 2.50%	20 years 20 years
Juneau Nenana North Slope Borough North Slope Borough	Mendenhall Treatment Plant Improvements Phase I Sewer Extension Atqasuk Sewer Project Kaktovik Sewer Project Nuigsut Sewer Project	445101 605011 635031 635041	\$387,500 \$300,000 \$1,250,000 \$500,000 \$1,250,000	4/11/2001 5/9/2001 4/13/2001 4/13/2001 4/13/2001	1.50% 1.50% 1.50% 1.50% 1.50%	2.50% 2.50% 2.50% 2.50% 2.50%	20 years 20 years 10 years 10 years 10 years
Loans made during SFY00							
Anchorage Anchorage Anchorage Bristol Bay Borough Cordova North Slope Borough	Asplund Wastewater Treatment Facility Operations Facility Phase II Septic System Site Upgrade King Salmon Sewer Project, Phase III Whitshed Road Landfill Anaktuvuk Sewer Project Wainwright Sewer Project	127281 127291 127301 183031 261041 635011	\$8,400,000 \$2,000,000 \$500,000 \$1,300,000 \$850,000 \$10,000,000	1/21/2000 1/21/2000 1/21/2000 2/9/2000 9/9/1999 8/26/1999	1.50% 1.50% 1.50% 1.50% 1.50% 1.50%	4.30% 4.30% 4.30% 4.37% 3.87% 3.87%	20 years 20 years 20 years 20 years 20 years 10 years 10 years
Loans made during SFY99 Anchorage	FY99 Miscellaneous Small Sewer R&R, Phase I	127211	\$1,410,000	11/30/1998	1.50%	3.52%	20 years
Juneau Juneau Palmer	Mendenhall Treatment Plant Improvements J-D Treatment Disinfection Plant Sewer Repair	445101 445091 671011	\$1,000,000 \$1,680,000 \$275,444	2/9/1999 2/18/1999 4/9/1999	1.50% 1.50% 1.50%	3.46% 3.46% 3.56%	20 years 20 years 20 years

EXHIBIT 1 LOAN SPECIFIC INFORMATION

Community Served	Project Name	Project Number Loan Amount	Loan Amount	Agreement Date	Finance Charge Rate	Original Rate	Amorfization Period
Loans made during SFY98	Illabout I often Miss 3	A P O O C C	000	700717010	4	òò	
Kodiak Island Borough	Karluk Sanifation Project	505021	\$350,000	7/21/1997	1.50%	3.92%	oyears 20 vears
Kodiak Island Borough	Vertical Expansion	505031	\$2,000,000	4/24/1998	1.50%	3.80%	20 years
Anchorage	Equipment-Wastewater 1998	127111	\$535,500	1/21/1998	1.50%	3.57%	20 years
Anchorage	Wastewater System Expansion, 1998	127121	\$600,000	1/21/1998	1.50%	3.57%	20 years
Anchorage	Facility Upgrade	127141	\$565,000	1/21/1998	1.50%	3.57%	20 years
Anchorage	Operations Facilities	127151	\$1,950,000	1/21/1998	1.50%	3.57%	20 years
Anchorage	Fuel Tank Upgrades	127171	\$325,000	1/21/1998	1.50%	3.57%	10 years
Anchorage	Wastewater Data Processing	127161	\$1,182,000	3/12/1998	1.50%	2.50%	5 years
Anchorage	Chester Creek Sewer Trunk Study	127131	\$310,150	4/2/1998	1.50%	3.69%	20 years
Anchorage	Solid Waste Landfill	127191	\$9,000,000	6/29/1998	1.50%	3.71%	20 years
Bristol Bay Borough	King Salmon Sewer, Phase II	183021	\$814,412	5/12/1998	1.50%	3.80%	20 years
Juneau	Auke Bay Wastewater	445061	\$656,000	12/3/1997	1.50%	3.83%	20 years
Klawock	Wastewater System Improvements	495021	\$300,000	1/13/1998	1.50%	3.70%	20 years
Skagway	Solid Waste Treatment Site	785011	\$2,000,000	9/29/1997	1.50%	3.77%	20 years
Loans made during SFY 97							
Kodiak Island Borough	Planning and Design	505011	\$50,000	7/01/1997	1 50%	4 05%	20 years
Anchorage	Chester Creek	127091	\$1,000,000	6/11/1997	1.50%	4.09%	20 years
0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		107404	000'000'0	6/4/1007	1.00%	4.00%	20 30010
Anchorage	rre/ imiscellaneous	127.101	\$2,000,000	/66L/LL/9	%0¢.1	4.09%	ZU years
Craig	Wastewater Treatment	265011.1	\$550,000	9/18/1996	1.50%	4.01%	20 years
Juneau	Goat Hill, Phase II	445051	\$359,775	6/11/1997	1.50%	4.09%	10 years
Klawock	Planning and Design	495011	\$150,000	11/22/1996	1.50%	3.88%	20 years
Petersburg	Scow Bay Sewer Ext.	685011	\$2,421,000	11/19/1996	1.50%	3.77%	20 years
Unalaska	Upper Haystack Sewer	879011	\$800,000	1/17/1997	1.50%	3.75%	20 years
Unalaska	WTP Feasibility Study	879021	\$100,000	3/25/1997	1.50%	4.13%	20 years
Loans made during SFY 96	;	:				1	,
Anchorage	Eagle River TID	127071	\$2,500,000	10/30/1995	1.50%	3.86%	20 years
Anchorage	Miscellaneous Projects	127081	\$3,015,000	1/12/1996	1.50%	3.74%	20 years
Kodiak	Wastewater Treatment	503011	\$5,000,000	6/25/1996	1.50%	3.92%	15 years
Kotzebue	Planning and Design	515011	\$600,000	5/13/1996	1.50%	3.95%	20 years
Nome	Solid Waste	627031	\$2,000,000	7/19/1995	1.50%	3.99%	20 years
Sand Point	Harbor Sewer Ext.	757011	\$300,000	4/12/1996	1.50%	3.92%	20 years

EXHIBIT 1 LOAN SPECIFIC INFORMATION

Community Served	Project Name	Project Number	Loan Amount	Project Number Loan Amount Agreement Date	Finance Charge Rate		Original Rate Amortization Period
Loans made during SFY 95					ı		
Craig	Wastewater	265011	\$1,000,000	9/14/1994	1.50%	4.45%	20 years
Anchorage	Regional Landfill	127051	\$10,062,000	12/2/1994	1.50%	4.74%	20 years
Anchorage	Girdwood Wastewater	127061	\$2,500,000	4/24/1995	1.50%	4.17%	20 years
Loans made during SFY 94							
Sitka	<u> 8 </u>	783011	\$2,000,000	8/17/1993	1.50%	4.04%	20 years
Juneau	Goat Hill	445041	\$166,000	12/23/1993	1.50%	4.05%	10 years
Bristol Bay	Leader Creek	183011	\$2,235,321	3/1/1994	1.50%	4.11%	20 years
Loone made during SEV 03							
Anchorage	Pf Wornzof	127041	\$2 443 128	4/26/1993	1.50%	4 24%	20 vears
Juneau	Belt Press	445011	\$255.501	10/9/1992	1.50%	4.64%	15 vears
Juneau	Back Loop Sewer	445021	\$1,620,500	2/2/1993	1.50%	4.56%	10 vears
Juneau	Channel Drive	445031	\$536,000	6/7/1993	1.50%	4.23%	10 vears
Seward	Dairy Hill	769021	\$40,000	11/23/1992	1.50%	4.75%	20 years
Loans made during SFY 92							
Anchorage	Eagle River Inc.	127011	\$3,000,000	9/6/1991	1.50%	4.65%	20 years
Anchorage	Campbell Creek II	127031	\$453,141	6/30/1992	1.50%	4.31%	20 years
Cordova	Sewer Rehab	261011	\$735,310	9/24/1991	1.50%	4.42%	20 years
Nome	lcy View	627021	\$2,000,000	6/30/1992	1.50%	4.31%	20 years
Seward	Lowell Point	769011	\$924,000	6/30/1992	1.50%	4.31%	20 years
Loans made during SFY 91							
Anchorage	Campbell Creek	127021	\$2,238,607	12/17/1990	1.50%	4.84%	20 years
Nome	STP	627011	\$788,421	4/19/1991	1.50%	4.56%	20 years
Loans made during SFY 90							
Anchorage	Eagle River	127011	\$7,759,380	10/31/1989	1.50%	4.65%	20 years
Homer	STP	409011	\$4,750,000	9/5/1989	1.50%	4.80%	20 years
Kachemak City	STP	451011	\$450,000	7/25/1989	1.50%	4.54%	20 years

EXHIBIT 1 LOAN SPECIFIC INFORMATION

\$ 606,000	7,584,062	25,880,051	4,552,500	43,050,000	4,365,444	30,588,062	7,430,775	13,415,000	13,562,000	4,401,321	4,895,129	7,112,451	3,027,028	12,959,380	\$ 198,258,718	
Total Loans - SFY 05 (Total Loans - SFY 03	Total Loans - SFY 02	Total Loans - SFY 01	Total Loans - SFY 00	Total Loans - SFY 99	Total Loans - SFY 98	Total Loans - SFY 97	Total Loans - SFY 96	Total Loans - SFY 95	Total Loans - SFY 94	Total Loans - SFY 93	Total Loans - SFY 92	Total Loans - SFY 91	Total Loans - SFY 90	Total Loans to Date:	li

EXHIBIT 2 ACTUAL AND PROJECTED DISBURSEMENTS

ALASKA CLEAN WATER FUND PROJECTED DISBURSEMENTS

FEDERAL SHARE ONLY

	ā	Quarter 1	9	Quarter 2	g	Quarter 3	σ	Quarter 4	ŏ	Quarter 1	Ø	Quarter 2	Quar	Quarter 3	Quarter	ter 4
Ketchikan Bor. Forest Park Pump Station and Force Main	↔	34,170	69	68,340	\$	102,510	\$	136,680	∯	28,475	\$	26,950	\$	85,425		113,900
Cordova Wastewater Collection System Upgrade	↔	8,000	↔	16,000	↔	24,000	↔	32,000	↔	6,667	↔	13,333	↔	20,000	⇔	26,667
Cordova WWTP Upgrade Project, Phase I	↔	25,000	↔	50,000	↔	75,000	₩	100,000	↔	20,833	↔	41,667	↔	62,500		83,333
Juneau North Douglas Sewer Expansion, Phase II	↔	30,250	₩	60,500	↔	90,750	\$	121,000	↔	25,208	↔	50,417	↔	75,625		100,833
Ketchikan Bor. Sewer System Master Plan	↔	6,250	↔	12,500	↔	18,750	⇔	25,000	↔	5,208	↔	10,417	↔	15,625	69	20,833
Ketchikan South Tongass Sewer Services	↔	29,375	↔	58,750	↔	88,125	↔	117,500	↔	24,479	69	48,958		73,437		97,917
Sitka Replace Cove Lift Station	↔	8,750	↔	17,500		26,250	↔	35,000	↔	7,292	69	14,583		_	↔	29,167
Anchorage Old Glenn Highway interceptor	₩	50,000	49	100,000		150,000	69	200,000	↔	41,667	↔	83,333	•	125,000		166,667
Craig East Hamilton Drive Lift Station Upgrade	↔	5,000	↔	10,000		15,000	↔	20,000	↔	4,167	₩	8,333		12,500		16,667
Ketchikan Bor. Forest Park WWTP Improvement	↔	9,900	49	19,800	↔	29,700	↔	39,600	∯	8,250	⇔	16,500	€9	24,750	↔	33,000
Wasilla Vactor Truck (Storm Water)	↔	12,500	↔	25,000		37,500	↔	50,000	↔	10,417	↔	20,833				41,667
Wasilla Storm Water Pumping	↔	13,574	↔	27,149		40,723	↔	54,297	↔	11,312	₩.	22,624		33,936		45,247
Wrangell Landfill Closure (traditional)	69	42,700	↔	85,400	€9-	128,100	↔	170,800	₩.	35,583	↔	71,167		106,750		142,333
King Cove Landfill Closure (traditional)	↔	5,000	↔	10,000	↔	15,000	⇔	20,000	↔	4,167	€9	8,333		12,500	€9	16,667
Valdez Small Boat Harbor Bilgewater/Waste Oil	↔	8,250	↔	16,500	€9-	24,750	↔	33,000	↔	6,875	↔	13,750		20,625		27,500
Mat-Su Borough Salted Sand Storage Building	↔	14,800	↔	29,600		44,400	∯	59,200	÷	12,333	₩	24,667		37,000	€	49,333
Mat-Su Borough Landfill Expansion Project	69	64,350	↔	128,700	₩	193,050	↔	257,400	↔	53,625	↔	107,250	€	160,875	2	214,500
Fairbanks South Cushman Landfill Expansion - Cell 3	↔	400,000	↔	800,000	€9-	1,200,000	` & ?	000'009'1	⇔	333,333	↔	999'999	\$ 1,0	000,000	\$ 1.3	1,333,333
Sitka Kimsham Landfill Closure	↔	71,400	↔	142,800	⇔	214,200	⇔	285,600	÷	59,500	↔	119,000	↔	178,500	2	238,000
Ketchikan Bor, Mt. Point WWTP Improvements	↔	6,300	↔	12,600	↔	18,900	↔	25,200	↔	5,250	↔	10,500	↔	15,750	↔	21,000
North Pole Baker/North Star Sewer Collection			↔	150,000	₩.	225,000	↔	300,000			↔	125,000		187,500	2	250,000
Unalaska Nirvana Hill Sewer Main Extension			69	20,000	↔	30,000	↔	40,000			↔	16,667		25,000	(A	33,333
Cordova WWTP Upgrade Project, Phase II			€9	84,000		126,000	↔	168,000			↔	70,000		105,000	~	140,000
Juneau Bayview Subdivision Pressure Sewer Mains			↔	120,000		180,000	↔	240,000			↔	100,000	_	150,000	ري جه	200,000
North Pole Badger-Morning Star Area Sewer System			↔	73,290		109,935	↔	146,580			↔	61,075		91,612		122,150
Cordova WWTP Upgrade Project, Phase III			↔	80,586		120,879	⇔	161,172			↔	67,155	_	100,732		134,310
Juneau Bayview Sub. Sewer System Improvements			↔	45,000		67,500	↔	000'06			↔	37,500		56,250		75,000
Juneau WW Hospital Drive Lift Station Replacement			↔	20,000		75,000	↔	100,000			↔	41,667		62,500		83,333
Ketchikan Wastewater Collection System Improvements			↔	550,000	↔	825,000	↔	1,100,000			↔	458,333		687,500		916,666
Ketchikan Bor. Gravina Island Sewer Crossing			↔	72,800		109,200	↔	145,600			↔	60,667		91,000		121,333
Fairbanks Bor. Solid Waste Landfill Sanitary Sewer			69	111,005		166,508	↔	222,010			↔	92,504		138,756	_	185,008
Ket. Bor. Forest Park WWTP Disinfection Upgrades			↔	8,100	↔	12,150	↔	16,200			↔	6,750		10,125		13,500
Nome/Nome Joint Utility Sewer Improvements, Phase II			↔	200,000	↔	300'000	↔	400,000			49	166,667	•	250,000		333,333
Sitka Sawmill Creek Road Sewer, Phase II			↔	100,000	↔	150,000	↔	200,000			↔	83,333	•	125,000		166,667
Valdez Alpine Woods Sub. Sewer Improvements			↔	766,000		1,149,000	↔	1,532,000			↔	638,333		957,500	τ-	276,666
Valdez Ocean Outfall			↔	127,300		190,950	↔	254,600			↔	106,083	_	159,125	.,	212,167
Wasilla Sewer Improvements, Phase II			↔	40,500	↔	60,750	↔	81,000			↔	33,750		50,625		67,500
Kenai Maintenance Shop Groundwater Remediation			↔	100,000	↔	150,000	€9	200,000			↔	83,333	_	25,000	_	166,667
Anchorage Oregon and Lois @ 36th Sewer					↔	26,250	₩	35,000						21,875		29,167
Anchorage Security Improvements - Sewer					↔	64,800	⇔	86,400						54,000	⇔	72,000
Juneau Third Street Douglas Sewer Line Replacement					↔ •	150,000	↔ +	200,000					69 (25,000	ъ.	66,667
Palmer Sludge Management Project	_		_		∽	112,500	9	150,000	_		_			93,750	<u>-</u>	125,000

ALASKA CLEAN WATER FUND

PROJECTED DISBURSEMENTS

Solition Revisite Dive Saver Nation Saver Utilities Master Plan		PR	PROJECTED DISBURSEMENTS	ISBURSEME	SINTS		FEDERAL SHARE ONLY	SHA	RE ONLY		
Pegrade Pegrade Per Composition Per C		ıarter	Quarter 2	Quarter 3	Ö	arter 4	Quarter 2	Ö	arter 3	Quar	ter 4
Pagrade Pag	Soldotna Riverside Drive Sewer Main				\$	107,400		\$	67,125	\$	39,500
Pgrade	Soldotna Sewer Utilities Master Plan				↔	24,600		₩	15,375	 ↔	20,500
Pograde Pog	Anchorage C(F) Turnagain Int. 30" Sewer Upgrade			•	↔	141,400		↔	88,375	•	17,833
Pegrade Peg	Kotzebue Sludge Handling Equipment				↔	000'02		↔	43,750		58,333
pgrade Particle	Juneau Totem Park Sewer Main Replacement				↔	20,000		€9	43,750		58,333
Pegrade Peg	Anchorage Lower Fire Lake Dam Sewer				↔	008'09		↔	38,000		20'09
Pegrade Peg	Juneau Wastewater Treatment Plant Upgrades				↔	98,000		↔	61,250		31,667
Pgrade	North Pole WWTP Sludge System Improvements			•	↔	252,000		↔	157,500		10,000
DITALLY OF THE PROPERTY OF THE	Anchorage San Ernesto Hoyt-San Antonio Sewer Upgrade				↔	48,600		↔	30,375		40,500
ons	Anchorage Wyoming and Lois @ 36th Sewer				↔	35,000		↔	21,875		29,167
ons	Anchorage Sewer District Improvements				↔	40,000		↔	25,000		33,333
ons	Juneau-Douglas WW Plant Improvements				↔	76,000		↔	47,500		53,333
ons	Palmer Southwest Sanitary Sewer Interceptor				↔	432,000		↔	270,000		000'09
ons one difference of the control of	Seward Airport Sewer System				↔	000'06		↔	56,250		000'92
Fig. 10 Fig. 12 Fig.	Soldotna Funny River Road Sewer Mainline Extensions				↔	289,400		↔	180,875	\$	41,167
Figure F	Ketchikan Borough Mt. Point WWTP Buildings				↔	66,240		69	41,400	5	55,200
Serior S	Anchorage SCADA Sewer			.,	↔	400,000		↔	250,000	;; ⊕	33,333
S 255,000 S 340,000	Homer Sewer Service Extension			_	↔	800,000		↔	500,000	\$	999'99
\$ 300,000 \$ 400,000 \$ 28,000 \$ 38,000 \$ 38,000 \$ 38,000 \$ 38,000 \$ 38,000 \$ 38,000 \$ 38,000 \$ 31,560 \$ 31,560 \$ 42,080 \$ 180,000 \$ 180	Anchorage C-2 (A, B) Sewer Improvements			- 1	↔	340,000		₩	212,500		33,333
\$ 28,500 \$ 38,000 \$ \$ 30,000 \$ \$ 5,3750 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Anchorage Asplund WWTF Process Improvements				↔	400,000		↔	250,000		33,333
\$ 6,450 \$ 8,600 \$ 5,375 \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Seward Forest Acres Sewer Extension			.,	↔	38,000		↔	23,750		31,667
\$ 31,560 \$ 42,080 \$ 522,400 \$ 180,00	Unalaska Jack London Drive Sewer Main				↔	8,600		↔	5,375		7,167
\$ 135,000 \$ 180,000 \$ 196,500 \$ 262,000 \$ 391,800 \$ 262,000 \$ 391,800 \$ 20,000 \$ 445,569 \$ 4,389,720 \$ 445,569 \$ 5,235,289 \$ 445,569 \$ 15,844,308 \$ 391,800 \$ 522,400 \$ 20,000 \$ 20,000 \$ 14,480,759 \$ 704,641 \$ 3,658,098 \$ 8,840,846 \$ 12,0	Soldotna Kalifornsky Beach Road Sewer				↔	42,080		↔	26,300		35,067
\$ 196,500 \$ 262,000 \$ 522,400 \$ \$ 326,500 \$ 4 \$ 326,500 \$ 4 \$ 5 \$ 525,500 \$ 4 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5 \$ 5	Anchorage A-4-B (Minnesota/Dowling)			•	↔	180,000		↔	112,500	-	20,000
\$ 391,800 \$ 522,400 \$ \$ 326,500 \$ 4 4 4 8 4 5 5 6 9 \$ 4 4 8 4 5 6 9 \$ 4 4 8 4 5 6 9 \$ 4 4 8 4 5 6 9 \$ 5 2 5 5 6 9 \$ 4 4 8 4 5 6 9 \$ 5,235,289 \$ 15,844,308 \$ 30,325,067 \$ \$ 704,641 \$ 4,362,739 \$ 13,203,585 \$ 25,25 6 9 \$ 15,844,308 \$ 30,325,067 \$ \$ 704,641 \$ 4,362,739 \$ 13,203,585 \$ 25,25 6 9 \$ 15,844,308 \$ 30,325,067 \$ \$ 704,641 \$ 4,362,739 \$ 13,203,585 \$ 25,25 6 9 \$ 15,844,308 \$ 30,325,067 \$ \$ 10,609,019 \$ 15,844,308 \$ 30,325,067 \$ \$ 10,609,019 \$ \$ 10,844,308 \$ \$ 10,	Anchorage Chester Creek Interceptor			_	↔	262,000		↔	163,750		18,333
\$ 20,000 \$ \$ 86,400 \$ \$ 86,400 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	KIB Landfill Design and Construction			`	↔	522,400		↔	326,500		35,333
\$ 86,400 \$ <td>King Cove Community Sewer System Upgrade</td> <td></td> <td></td> <td></td> <td>↔</td> <td>20,000</td> <td></td> <td></td> <td></td> <td></td> <td>16,667</td>	King Cove Community Sewer System Upgrade				↔	20,000					16,667
provements	Anchorage Eagle River WWTF Warm Storage Building				↔	86,400					72,000
\$ 445,569 \$ 4,389,720 \$ 10,609,019 \$ 14,480,759 \$ 704,641 \$ 3,658,098 \$ 8,840,846 \$ \$ 845,569 \$ 5,235,289 \$ 15,844,308 \$ 30,325,067 \$ 704,641 \$ 4,362,739 \$ 13,203,585 \$	Valdez City Utilities GIS Mapping				∯	77,000					34,167
845,569 \$ 4,389,720 \$ 10,609,019 \$ 14,480,759 \$ 704,641 \$ 3,658,098 \$ 8,840,846 \$ 845,569 \$ 5,235,289 \$ 15,844,308 \$ 30,325,067 \$ 704,641 \$ 4,362,739 \$ 13,203,585 \$	King Cove Harbor Wastewater Improvements				\$	152,000					26,667
\$ 5,235,289 \$ 15,844,308 \$ 30,325,067 \$ 704,641 \$ 4,362,739 \$ 13,203,585 \$						480,759		s	3,840,846	ı	57,294
		\$ 845,569	l II		. II	325,067	ti	↔	3,203,585	II.	70,879

PROJECTED ADMINISTRATIVE COSTS SFY 05

		ADMINISTRA	ADMINISTRATIVE COSTS	
•	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Actual - Total	\$43,607	\$121,517	\$53,809	\$44,033
Projected - Total	\$71,475	\$71,475	\$142,949	\$190,599
Actual - Federal Share	\$36,339	\$101,264	\$44,841	\$36,694
Projected - Federal Share	\$59,562	\$59,562	\$119,124	\$158,832

ALASKA CLEAN WATER FUND ACTUAL DISBURSEMENTS FY 04

	413,453 21,764 140 6,062 64,306 17,684 17,684	344,544 18,137 1,17 5,052 53,588 14,737	\$ 436,175 \$ 12,019,369
Quarter 4 Anril/Mav/Lline	Anchorage (#12744 KIB (#505031) Fairbanks (#33901 Sitka (783051) Anchorage (#12746 KIB (#505031)	Quarter 4	
arch	3,802 5,659 1,899,598 163,200 29,410 2,101,669 13,899,839	arch 3,168 4,716 1,582,998 136,000 24,508	\$ 1,751,390 \$ 11,583,194
Quarter 3	Fairbanks (#338 KIB (#505031) Anchorage (#12 Fairbanks (#338 Homer (#40903	ACTUAL FEDERAL SHARE Quarter 3 Quarter 3 January/February/March 833,399 Fairbanks (#339011) 62,567 KIB (#505031) 71,845 Fairbanks (#339011) 884,043 Homer (#409031) 18,167	
) (December	400,079 75,081 314,927 86,214 460,852 21,800 11,358,953 11,798,170	ACTUA 1000	\$ 1,132,460 \$ 9,831,804
Quarter 2 October/November/December	Fairban Sitka (# Fairban Anchora Anchora	Auchorage (#127101)	
er 1 September	\$ 29,038 1,114,420 10,112 398,372 1,483,738 518,048 10,57,676 452,350 2,843,254 811,210 1,424,886 48,025 10,439,217 10,439,217	9 8 4	10,791 881,396 376,958 195,949 2,369,377 676,008 1,187,405 40,021 \$ 8,699,344 \$ 8,699,344
Quarter 1 July/August/September	Juneau (#445131) Fairbanks (#339011) Petersburg (#685011) Anchorage (#127271) Fairbanks (#339011) Wrangell (#918041) Anchorage (#127101) Fairbanks (#339011) Sitka (#783051) Anchorage (#127481) Anchorage (#127481) Anchorage (#127481) Anchorage (#127481) Anchorage (#127481)	Quarter 1 July/August/September Juneau (#445131) Fairbanks (#339011) Petersburg (#685011) Anchorage (#127141) Anchorage (#127271) Fairbanks (#339011)	vvrangell (#918041) Anchorage (#127101) Fairbanks (#339011) Sitka (#783051) Anchorage (#127451) Anchorage (#127481) Anchorage (#127481) Fairbanks (#339011)

EXHIBIT 3 ASSISTANCE AMOUNT BY NEEDS CATEGORY

ASSISTANCE AMOUNT BY NEEDS CATEGORY SECTION 212 PUBLICLY OWNED TREATMENT WORKS

		N	IEEDS CATEGOF	RY	
Community Served	Project Number	I	III(b)	IV(a)	IV(b)
Sitka - WWT Solids Lime Treatment	783051	\$ 310,000			
		\$ 310,000	\$ -	\$ -	\$ -

Title II "Equivalency" projects totalled \$310,000 during SFY05

EXHIBIT 4NOTICE FOR PUBLIC PATICIPATION

NOTICE TO PUBLISHER

			E OF ALASKA		THE CASE A STREET THE	nimara t	*	0 . p.:=perspic o		ADVER	ITISING ORDER NO.
			VERTISING		INVOICE MUST BE CERTIFIED AFFIDAVIT O	F PUBLICA	TION (PART 2	OF THIS FORM) W	TH ATTACHED		
			ORDER		COPY OF ADVER	TISEMEN	r must be sui	MITTED WITH IN	VOICE.	AO-	81-1012-05
-		SEE BOTT	OM FOR INVOICE ADDRESS			200	white paraceur	ATACT - CAR			T SSVDATE(OFAQ)
Selection and		Particular Property Company	Dept. of Envi	ronmental Cor	servation		Terri Lowe				10/11/2004
Я				ision of Water			PHONE				10/11/2004
FROM				ughby Ave. Sui			Section 15 Bit	Martin Committee of the	465-5146		
Ž				CLEAN WAT			DATES ADV	RUSEMENTEREDI			
			Junea	ц, АК 99801-17	795		1676. Netranschillen und achte	y negytet yeddoggeneg frifa zola (h. 1944) direkt rifetzyk			
						4 2 0	Start Date:	Oct. 13, 2004	End Date:	Oct. 13, 2004	
뭥				orage Daily Ne	ws					•	
Ĕ				D. Box 149001 orage, AK 9951	14		THE MATERIAL	BETWEEN THE DOUBLE	LINES MUST BE PRI	NTED IN ITS ENTIRETY ON T	ie dates shown.
18.			Andi	orage, A. 553	14		SPECIATION	URUGUIONS Z	3		
TO PUBLISH		Phone	: (907) 257-4399	Fax:	(907) 279-8170					affidavits of publicat	ion.
		ALC: N	ole Vilverisement						Other (Speci		
CONTRACT.	eller interiors	e e e e e e e e e e e e e e e e e e e	oose were dement.		2005 Al 1887 2005 [114		*** Erassinen		contensoped		
1											
1											
ŀ											
			•								
ļ			• •								
						C					
						See att:	аспеа.				
								-			
											,
										•	4.
								•			
					*.						
											•
					•						
				DEC 41	10 Willoughby Ave., Suite 3	03	PAGE 1 OF	7	TOTAT	OF ALL PAGES:	
SENI	O INVOI	ICE IN TR	PLICATE TO:		Juneau, AK 99801-1795		2 PAGE		TOTAL	OF ALLETAGES:	
REF	TYPE	NUMBER	THUOMA	DATE	COMMENT	s					
1	VEN	ADN 89311	 -		<u></u>					·	
3	-						······································				
i											
	AMOUNT	SY	CC		PGM	%	ACC	FY		NMR	=
	W-05-02-74				Alesla Class Water Tour				DIST	LIQ	
2			Facilities_188171	W_ACWF	Alaska Clean Water Fund	#REF!	73540	05		····	
3						#REF!		05 05			
,						#REF!		05			<u></u> .
REQUIS	THONEDBY					DEVISIONSA	PROVATE				
Ter	vell.	ACWF/AD	WF Loan Program			12	intos	200			'
		ding Plan :						~~~~			

Anchorage Daily News

MEMO INVOICE

	THE THE	- 1 V	,							
	1 BILLING PI	D	2	ADVERTISER/CLIENT NAME						
	09/27/04 1	0/	17/04	STAK/	ENV C	ONSERV				
	23 TOTAL AMOUNT D	LIED AMOU	NT 3	TERMS OF	PAYMENT					
					NET	20				
21 CURRE	NT NET AMOUNT DUE	22	30 DAY	rs l	60	DAYS	90 DAYS			

AMOUNT PAID

4 PAGE # 5 BILLING DATE	8 BILLED ACCOUNT NAME AND ADDRESS	9	REMITTANCE ADDRESS	
1 10/17/04 6 BILLED ACCOUNT NUMBER STOF0309 7 ADVERTISER/CLIENT NUMBER STOF0309	ST OF AK/DEC FACILITIES CONST. & OPERATION 410 WILLOUGHBY AVE SUITE #105 JUNEAU AK 99801-1795	РО ВО	RAGE DAILY NEWS X 140147 RAGE AK 99514-0147	

PLEASE DETACH AND RETURN UPPER PORTION WITH YOUR REMITTANCE

Thank you for advertising in the Anchorage Daily News

				
11 NEWSPAPER REFERENCE	12 13 14 DESCRIPTION - OTHER COMMENTS/CHANGES	15 SAU SIZE 16 BILLED UNITS	17TIMES RUN 18 RATE	19 GROSS AMOUNT 20 NET AMOUNT
TY314056	81101205/PUBLIC NOTICE DEP	2x 68.0 1		198.56
DN 0900	NCLN 10/13	136.0CL		198.56
THIC INVOICE				
ALL CHARGES W.		DIATEMENT.		
[CC: [BB]]	∞		!	
1			•	
1554	l L			
117	10 -			
Vendozs	100 BB311			Í
Flen Dal	e(5): (2) 2 2 2 2			
	·		,	41.100
				·
	-			·
	TY314056 DN 0900 THIS INVOICE ALL CHARGES WITH CC3 188171 Acd: 7354 Uendon	11 NEWSPAPER REFERENCE 12 13 14 DESCRIPTION - OTHER COMMENTS/CHANGES TY314056 81101205/PUBLIC NOTICE DEP DN 0900 NCLN 10/13 ***********************************	11 NEWSPAPER REFERENCE 12 13 14 DESCRIPTION - OTHER COMMENTS/CHANGES 16 BILLED UNITS TY314056 81101205/PUBLIC NOTICE DEP 2X 68.0 1 DN 0900 NCLN 10/13 136.0CL ***************************** THIS INVOICE REFLECTS YOUR CHARGE FOR EACH AD. ALL CHARGES WILL APPEAR ON YOUR MONTH END STATEMENT. ***********************************	TY314056 DN 0900 NCLN 10/13 136.0CL ************************ THIS INVOICE REFLECTS YOUR CHARGE FOR EACH AD. ALL CHARGES WILL APPEAR ON YOUR MONTH END STATEMENT. ***********************************

STATEMENT OF ACCOUNT AGING OF PAST DUE AMOUNTS 21 CURRENT NET AMOUNT DUE 22 30 DAYS *UNAPPLIED AMOUNT 23 TOTAL AMOUNT DUE

Anchorage Daily News

53I™

-				TAX ID N	JIVIBER 92-00/1348	UNAF	PEIED AMOUNTS ARE IN	VOICED IN TOTAL AMOUNT DUE					
24	25	25 ADVERTISER INFORMATION											
1	1		BILLING PERIOD	6	BILLED ACCOUNT NUM	VIBER 7	ADVERTISER/CLIENT NUMBER	2 ADVERTISER/CLIENT NAME					
							STOF0309						

17

Anchorage Daily News Affidavit of Publication

1001 Northway Drive, Anchorage, AK 99508

<u>AD#</u>	DATE	<u>PO</u>	ACCOUNT	PRICE PER DAY	OTHER CHARGES	OTHER CHARGES #2	OTHER CHARGES #3	OTHER CHARGES#4	OTHER CHARGES #5	GRAND TOTAL
			STOF0309		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$198.56

STATE OF ALASKA THIRD JUDICIAL DISTRICT

Teresita Peralta, being first duly sworn on oath deposes and says that she is an advertising representative of the Anchorage Daily News, a daily newspaper.

That said newspaper has been approved by the Third Judicial Court, Anchorage, Alaska, and it now and has been published in the English language continually as a daily newspaper in Anchorage, Alaska, and it is now and during all said time was printed in an office maintained at the aforesaid place of publication of said newspaper. That the annexed is a copy of an advertisement as it was published in regular issues (and not in supplemental form) of said newspaper on the above dates and that such newspaper was regularly distributed to its subscribers during all of said period. That the full amount of the fee charged for the foregoing publication is not in excess of the rate charged private individuals.

Subscribed and sworn to me before this date:

Notary Public in and for the State of Alaska. Third Division. Anchorage, Alaska

MY COMMISSION EXPIRES:

CUBLICATION C.

CONTROL OF THE CONTR

Enduate and imperent species of shell hobitot.

3. Environmentally important natural areas.

The project is not expected to have any significant adverse effects on the wallty of the earlier of adverse effects on the wallty of the earlier of adverse effects on the wallty of the earlier of adverse effects on the wallty of the earlier of promise the individually cumulatively over time, of in continction with other rederal State Jocal, or private actions.

More information on the project and the proposed Categorical Exclusion may be solutioned by phoning while Entities of 1909, 293-295.

The Department invites comments on the proposed Categorical Exclusion. Written comments must be addressed in the Alaska Clear Warer Fund. Division of Water Alaska Clear Water Fund. Division of W

randi alabah Akir a meralai Survey of the transfer of the Mills

And the second of the process of the first terms of the process of the second of the s

	5	STATE OF AL	Ā		1								AD	VERTIS	ING OR	DER	NO.		
	A	DVERTI: ORDE		1G	2 OF	cR NO., THIS F	CERTIFI ORM) W	TH ATTA	VIT OF	PUE	BLICATION	ING ART ISE-	A0-	81-	-101	1-03			
	EE BO	TOM FOR INVO	OICÉ /	ADDRE				MITTED W	ITH IN				<u>.</u>						
F		t. of Br ision of and Ope	F	cil	lity Cor					I	GENCY CONTACT FORE LO		.1		Feb	A.O. Fubi	y	10,	200
R O		ska Drin	kij	រជ្ជ គ	Water Fr				**	1	107) 455~	514	6						
М		Willoug			renue, S	Suite	303	0	())		ATES ADVERTISE			D:					
	Jun	eau, AK	330	307		<u> </u>					Februar	y 1	4,	2003	3				
ŏ		ka Senti								1									
P		Barrack ka, AK 9			et					* TH	IE MATERIAL BET	NAJEÉNI T	THE DOLL	BLELIN	JES MUS	T RÉ PRIN	TED!	N ITS EI	NTIRETY
В	مئا شد قد	ka, an 3	به الآناء الآنياء	<i>.</i>						ON	THE DATES SH	OWN.							
֡֞֞֝֞֞֜֞֜֜֞֜֜֜֞֜֜֜֜֜֜֜֜֜֜֜֜֜֓֓֓֓֓֜֜֜֜֜֜֜֓֓֓֓֓֡		ephone:								Sr.	COME INSTRUCT	IIONS.							
S H E	Fax	*	(9)	7)	747-889	38				.									į.
Ř																		<u> </u>	<u> </u>
Тур	e of A	dvertisemen	t:	ÆKL	egal 🗆	Displa	у 🗆	Classifie	d [□ Ot	her (Specify	/):							N 12
	סופ	ase prin	3 t 1	eri-	attache	∙d as	. a 64	narat	e la	cal	ad								
							•				1								
	Ret	urn affi	dar	rir	or show	7 AO	numbe	er on	invo	ice	2 '								
																			9 .
٠.	•																		
	. *																		
											; ;								
. :											: :								ı.
											· •								
٠								٠			a e					-			4.5
•																			
٠.											;								
											•								
											e k								
	SEND I	NVOICE IN	Ds	ept.	of En	riror	menta	al Con	serv	ati	lon	PAG	GE 1 OF	TOTA	L OF				
		ICATE TO	Ă	PTN:	: FC&O,	410	Will	oughby	Ave	* 1	Juneau		PAGES	ALL I	PAGES	\$			
REF 1	VEN	NUMB	ER		AMOU	VT.	D	ATE					COMME	NTS					
2	VEIV						 			•	: !								
3											:								:
4	<u> </u>						*	1					NM	IR.	<u> </u>				:
FIN 1	 	AMOUNT	SY	18	cc 817150	P	GM -	LC	;		ACCT	FY	DIST						
2																			
- 3											,				- T				
4 REQU	SITIONE	D BY:					-	L		DIVISIO	ON APPROVAL				1				
		ri Lowel	11									<u> </u>				÷,			
	_Ala	ska O riz	aki.	ng 3	Water F	แกต้							·						
	Div	iswan o	e e	aci:	Lity Co	nstri	ictia	naaddO	Oper	at:	ion								.:

Verstovia Corporation

Daily Sitka Sentinel Arrowhead Press 112 Barracks Street Sitka, AK 99835

Invoice

Date	Invoice #
02/25/2003	521

Bill To

Dept of Environmental Conservation 410 Willoughby Ave, Suite 303 Juneau, AK 99801-1795

Attn: FC&O

P.O. No.	Terms
AO-81-1011-03	Net 30

Item	Description	Amount		
Legal-Notice	Legal Notice Alaska Clean Water Revolving Loan Fund: 2/14 46 lines @ 1.20 = 55.20 affidavit charge = 3.15	58.35		
	MANAS TO STATE OF THE STATE OF			

 Subtotal
 \$58.35

 Sales Tax (5.0%)
 \$0.00

 Total
 \$58.35

Affidavit of Publication

STATE OF ALASKA FIRST JUDICIAL DISTRICT) ss. AT SITKA, ALASKA

Libby Mears , being first sworn, says she or he
is the publisher, managing editor or business manager of the DAILY SITKA
SENTINEL, a newspaper printed and published in Sitka, Alaska, and le-
gally qualified as a medium of official and legal publications, and that the
legal notice a copy of
which is hereto annexed, was published in the Daily Sitka Sentinel on:
214
· · · · · · · · · · · · · · · · · · ·
Signature MUX MOUNS
Sworn and subscribed to
before me this 19 day of 36 , 20 3
Notary Public for Alaska <u>Cleura Gel Schola</u>
My commission expires

Legal Notice

PUBLIC NOTICE DEPARTMENT OF ENVIRONMENTAL CONSERVATION ALASKA CLEAN WATER REVOLVING LOAN FUND

The Department of Environmental Conservation as provided by 18 AAC 76 235, has determined that the following project qualifies for a categorical exclusion to the environmental review procedures of the Alaska Clean Water Loan Fund.

Applicant: City and Borough of Sitka Project: Renovation to the existing wastewater freatment plant on Japon-

wastewater freatment plant on Japonski Island to install a lime handling and
-mixing system for sludge treatment.
The project is not expected to have a
significant adverse effect on the quality
of the environment, either individually,
or comulatively over time; or in conjunction with other federal, state, local
original original actions.
More information on the project and
this extendrical exclusion may be ob-

More information on the project and this categorical exclusion may be obtained by planning Dan Sames at (907) -465-5144.

The Department complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973. Individuals with disabilities, who may need auxiliary aids of services, or special modifications to participate in special modifications to participate in this public process, should confact Ken Southerland at (907) 465-5040 (TTY compatible)

compatible)
Issued on the 11th day of February, 2003, in Juneau Alaska

James A Evensen, P.E., Brogram Manager, Williams A Municipal Grants, PUBLISH February 14 2003; 10

EXHIBIT 5 DISBURSEMENT HISTORY

Exhibit 5

ALASKA CLEAN WATER FUND

Disbursement History

State Fiscal Yo	ear 05		Total	Federal	State	
Date	Project	Dis	bursement	Share	Share	Proportionality
7/3/2004	Juneau (#445131)	\$	29,038	\$ 24,198	\$ 4,840	83.33%
7/10/2004	Fairbanks (#339011)		1,114,420	928,683	185,737	83.33%
7/13/2004	Petersburg (#685011)		10,112	8,427	1,685	83.33%
7/14/2004	Anchorage (#127141)		398,372	331,977	66,395	83.33%
7/20/2004	Anchorage (#127271)		1,483,738	1,236,448	247,290	83.33%
7/20/2004	Fairbanks (#339011)		518,048	431,706	86,342	83.33%
7/20/2004	Wrangell (#918041)		12,949	10,791	2,158	83.33%
8/31/2004	Anchorage (#127101)		1,057,676	881,396	176,280	83.33%
9/2/2004	Sitka (#783051)		235,139	195,949	39,190	83.33%
9/2/2004	Fairbanks (#339011)		452,350	376,958	75,392	83.33%
9/29/2004	Fairbanks (#339011)		48,025	40,021	8,004	83.33%
9/30/2004	Anchorage (#127481)		1,424,886	1,187,405	237,481	83.33%
9/30/2004	Anchorage (#127451)		2,843,254	2,369,377	473,877	83.33%
10/9/2004	Fairbanks (#339011)		400,079	333,399	66,680	83.33%
10/29/2004	Anchorage (#127481)		811,210	676,008	135,202	83.33%
11/3/2004	Sitka (#783051)		75,081	62,567	12,514	83.33%
11/10/2004	Fairbanks (#339011)		314,927	262,439	52,488	83.33%
11/11/2004	Anchorage (#127451)		86,214	71,845	14,369	83.33%
11/19/2004	Anchorage (#127271)		460,852	384,043	76,809	83.33%
12/10/2004	Anchorage (#127101)		21,800	18,167	3,633	83.33%
1/25/2005	KIB (#505031)		5,659	4,716	943	83.33%
1/25/2005	Fairbanks (#339011)		3,802	3,168	634	83.33%
1/31/2005	Anchorage (#127481)		1,899,598	1,582,998	316,600	83.33%
2/22/2005	Fairbanks (#339011)		163,200	136,000	27,200	83.33%
3/30/2005	Homer (#409031)		29,410	24,508	4,902	83.33%
4/8/2005	SCADA Sewer (#127451)		413,453	344,544	68,909	83.33%
4/21/2005	KIB (#505031)		21,764	18,137	3,627	83.33%
5/12/2005	Fairbanks (#339011)		140	117	23	83.33%
5/12/2005	Sitka (#783051)		6,062	5,052	1,010	83.33%
6/24/2005	KIB (#505031)		17,684	14,737	2,947	83.33%
6/24/2005	Anchorage (#127481)		64,306	53,588	10,718	83.33%
		\$	14,423,248	\$ 12,019,369	\$ 2,403,879	

State Fiscal Ye	ear 04	<u> </u>	Total			State	
Date	Project	Disk	oursement		Share	Share	Proportionality
7/18/2003	Fairbanks (#339011)	\$	138,201	\$	115,167	\$ 23,034	83.33%
7/18/2003	Juneau (#445131)		184,945		154,121	30,824	83.33%
7/18/2003	Juneau (#445141)		485,572		404,643	80,929	83.33%
7/22/2003	Anchorage (#127281)		176,479		147,066	29,413	83.33%
7/31/2003	Homer (#409031)		273,953		228,294	45,659	83.33%
8/5/2003	Petersburg (#685011)		440,389		366,991	73,398	83.33%
8/11/2003	Fairbanks (#339011)		221,588		184,657	36,931	83.33%
8/13/2003	Wasilla (#905041)		6,730		5,608	1,122	83.33%
9/22/2003	Fairbanks (#339011)		364,196		303,497	60,699	83.33%
9/24/2003	Anchorage (#127101)		123,427		102,856	20,571	83.33%
10/14/2003	Fairbanks (#339011)		412,037		343,364	68,673	83.33%
10/14/2003	Juneau (#445101)		62,425		52,021	10,404	83.33%
10/30/2003	Sitka (#783051)		277,532		231,277	46,255	83.33%
11/19/2003	KIB (#505031)		10,930		9,108	1,822	83.33%
11/25/2003	Petersburg (#685011)		150,972		125,810	25,162	83.33%
12/4/2003	Homer (#409031)		200,284		166,903	33,381	83.33%
12/8/2003	Fairbanks (#339011)		322,371		268,642	53,729	83.33%
12/22/2003	Fairbanks (#339011)		222,143		185,120	37,023	83.33%
1/5/2004	Wasilla (#905041)		4,952		4,127	825	83.33%
1/8/2004	North Slope Borough (#635041)		15,000,000		12,499,995	2,500,005	83.33%
1/20/2004	Fairbanks N(#339011)		90,618		75,515	15,103	83.33%
2/3/2004	Sitka (#783051)		377,810		314,842	62,968	83.33%
3/1/2004	KIB(#505031)		9,939		8,282	1,657	83.33%

Exhibit 5

State Fiscal Y	ear 04 (continued)		Total	Federal		State	
Date	Project	Di	isbursement	Share		Share	Proportionality
3/2/2004	Fairbanks (#339011)		68,365	56,971		11,394	83.33%
3/10/2004	Fairbanks (#339011)		21,306	17,755		3,551	83.33%
4/14/2004	Homer (#409031)		17,247	14,372		2,875	83.33%
4/19/2004	Fairbanks (#339011)		65,180	54,317		10,863	83.33%
5/18/2004	Fairbanks (#339011)		31,025	25,854		5,171	83.33%
6/17/2004	Juneau (#445101)		80,710	67,258		13,452	83.33%
6/17/2004	Juneau (#445141)		787,254	656,045		131,209	83.33%
6/23/2004	KIB(#505031)		2,428	2,023		405	83.33%
		\$	20,631,008	\$ 17,192,501	\$:	3,438,507	

State Fiscal Ye	ear 03	Total	Federal	State	
Date	Project	Disbursement	Share	Share	Proportionality
7/1/2002	Wasilla (#905031)	\$ 2,122	\$ 1,768	\$ 354	83.33%
7/24/2002	Juneau (#445101)	311,245		51,874	83.33%
7/24/2002	Juneau (#445091)	106,566		17,761	83.33%
7/31/2002	Wrangell (#917041)	149,303		24,884	83.33%
8/19/2002	Wasilla (#905031)	79,538		13,256	83.33%
9/23/2002	Fairbanks (#339011)	251,101		41,850	83.33%
10/8/2002	Fairbanks (#339011)	1,362		227	83.33%
10/17/2002	Wrangell (#917041)	94,963	79,136	15,827	83.33%
11/19/2002	Fairbanks (#339011)	128,974		21,496	83.33%
11/19/2002	Juneau (#445071)	50,000		8,333	83.33%
11/19/2002	Juneau (#445131)	660,509		110,085	83.33%
11/19/2002	Juneau (#445091)	13,230	11,025	2,205	83.33%
12/16/2002	Wrangell (#917041)	68,393	56,994	11,399	83.33%
12/16/2002	Anchorage (#127211)	130,315		21,719	83.33%
12/16/2002	Wasilla (#905031)	33,296	27,747	5,549	83.33%
12/23/2002	Fairbanks (#339011)	55,004		9,167	83.33%
12/24/2002	Juneau (#445131)	620,435	517,029	103,406	83.33%
12/31/2002	Wasilla (#905041)	21,498		3,583	83.33%
1/22/2003	Fairbanks (#339011)	2,405		401	83.33%
1/22/2003	Homer (#409031)	910,140		151,690	83.33%
1/24/2003	Wrangell (#917041)	942		157	83.33%
1/27/2003	Anchorage (#127421)	2,370,748	1,975,623	395,125	83.33%
2/4/2003	Sitka (#783041)	250,000	208,333	41,667	83.33%
2/12/2003	Wasilla (#905041)	3,202		534	83.33%
2/13/2003	Wasilla (#905031)	1,636		273	83.33%
2/27/2003	Anchorage (#127161)	21,632	18,027	3,605	83.33%
3/6/2003	Anchorage (#127141)	136,600		22,767	83.33%
3/14/2003	Anchorage (#127291)	1,997,943		332,991	83.33%
3/14/2003	Anchorage (#127131)	300,127	250,106	50,021	83.33%
3/14/2003	Fairbanks (#339011)	170,425		28,404	83.33%
3/17/2003	Juneau (#445131)	300,050	250,042	50,008	83.33%
3/17/2003	Juneau (#445091)	40,524	33,770	6,754	83.33%
3/4/2007	Wrangell (#918041)	61,115		10,186	83.33%
3/25/2003	Anchorage (#127191)	548,388		91,398	83.33%
4/15/2003	Fairbanks (#339011)	2,738	2,282	456	83.33%
4/24/2003	Juneau (#445131)	270,709		4 5,118	83.33%
4/29/2003	Wasilla (#905031)	3,877		646	83.33%
4/29/2003	Wasilla (#905041)	7,971		1,329	83.33%
5/19/2003	Fairbanks (#339011)	1,636		273	83.33%
6/6/2003	Fairbanks (#339011)	56,425		9,404	83.33%
		\$ 10,237,087	\$ 8,530,902	\$ 1,706,185	-

State Fiscal Year 02		ī	otal	Federal	State	
Date	Project	Disbu	ırsement	Share	Share	Proportionality
7/6/2001	Nenana (#605011)	\$	65,459	\$ 54,547	\$ 10,912	83.33%
7/18/2001	Anchorage (#127211)		41,456	34,545	6,911	83.33%
7/19/2001	Nenana (#605011)		30,651	25,541	5,110	83.33%
8/3/2001	Anchorage (#127101)		267,558	222,956	44,602	83.33%
8/7/2001	Anchorage (#127281)		660,238	550,176	110,062	83.33%
8/8/2001	Anchorage (#127101)		89,434	74,525	14,909	83.33%
8/20/2001	Fairbanks (#339011)		26,814	22,344	4,470	83.33%
8/20/2001	Anchorage (#127211)		238,229	198,516	39,713	83.33%
8/20/2001	Anchorage (#127301)		82,720	68,931	13,789	83.33%
8/21/2001	Nenana (#605011)		35,700	29,749	5,951	83.33%
9/11/2001	Fairbanks (#339011)		1,444	1,203	241	83.33%
9/12/2001	Nenana (#605011)		44,592	37,159	7,433	83.33%
10/16/2001	Fairbanks (#339011)		15,396	12,829	2,567	83.33%
11/1/2001	Nenana (#605011)		39,606	33,004	6,602	83.33%
11/5/2001	Nenana (#605011)		9,083	7,569	1,514	83.33%
11/23/2001	Fairbanks (#339011)		2,587	2,156	431	83.33%
12/6/2001	Nenana (#605011)		30,989	25,823	5,166	83.33%
12/18/2001	Fairbanks (#339011)		8,517	7,097	1,420	83.33%
12/24/2001	Juneau (#445071)		350,000	291,655	58,345	83.33%
1/10/2002	Fairbanks (#339011)		27,188	22,656	4,532	83.33%
2/5/2002	North Slope (#635031)		1,250,000	1,041,625	208,375	83.33%
2/5/2002	North Slope (#635051)		1,250,000	1,041,625	208,375	83.33%
2/12/2002	Kotzebue (#515021)		313,398	261,155	52,243	83.33%
2/21/2002	Fairbanks (#339011)		5,415	4,512	903	83.33%
3/18/2002	Anchorage (#127211)		1,000,000	833,300	166,700	83.33%
3/18/2002	Wasilla (#905031)		180,597	150,491	30,106	83.33%
3/20/2002	Anchorage (#127301)		417,280	347,719	69,561	83.33%
4/19/2002	Fairbanks (#339011)		47,873	39,894	7,979	83.33%
5/7/2002	Anchorage (#127281)		302,274	251,885	50,389	83.33%
5/10/2002	Fairbanks (#339011)		5,397	4,497	900	83.33%
6/20/2002	Wrangell (#918041)		292,335	243,603	48,732	83.33%
6/24/2002	KIB (#505031)		9,450	7,875	1,575	83.33%
	•	\$	7,141,680	\$ 5,951,163	\$ 1,190,517	

State Fiscal Yo	ear 01	•	l'otal	F	ederal	State	
Date	Project	Disb	ursement		Share	Share	Proportionality
7/3/2000	Juneau (#445101)	\$	164,590	\$	137,153	\$ 27,437	83.33%
7/3/2000	Petersburg (#685011)		39,122	\$	32,600	6,522	83.33%
7/3/2000	Petersburg (#685011)		3,228	\$	2,690	538	83.33%
7/3/2000	Juneau (#445091)		189,034	\$	157,522	31,512	83.33%
8/15/2000	Juneau (#445091)		202,202	\$	168,495	33,707	83.33%
8/18/2000	Fairbanks (#339011)		20,011	\$	16,675	3,336	83.33%
8/21/2000	KIB (#505031)		1,031	\$	859	172	83.33%
9/12/2000	Fairbanks (#339011)		4,478	\$	3,732	746	83.33%
10/1/5000	Fairbanks (#339011)		9,762	\$	8,135	1,627	83.33%
11/1/2000	KIB (#505031)		3,091	\$	2,576	515	83.33%
11/15/2000	Fairbanks (#339011)		1,440	\$	1,200	240	83.33%
11/15/2000	Anchorage (#127191)		904,732	\$	753,913	150,819	83.33%
11/29/2000	Fairbanks (#339011)		4,674	\$	3,895	779	83.33%
12/20/2000	Anchorage (#127281)		901,300	\$	751,053	150,247	83.33%
12/22/2000	KIB (#505031)		39,974	\$	33,310	6,664	83.33%
12/22/2000	Fairbanks (#339011)		138,198	\$	115,160	23,038	83.33%
1/24/2001	KIB (#505031)		246,524	\$	205,428	41,096	83.33%
1/24/2001	Fairbanks (#339011)		16,224	\$	13,519	2,705	83.33%
2/20/2001	Anchorage (#127181)		568,400	\$	473,648	94,752	83.33%
2/26/2001	KIB (#505031)		9,998	\$	8,331	1,667	83.33%
3/7/2001	Fairbanks (#339011)		27,241	\$	22,700	4,541	83.33%
3/13/2001	Juneau (#445101)		39,160	\$	32,632	6,528	83.33%
3/1/2001	Juneau (#445091)		16,402	\$	13,668	2,734	83.33%
3/14/2001	Anchorage (#127081)		352,762	\$	293,957	58,805	83.33%
3/28/2001	Bristol Bay Boro (#183031)		938,703	\$	782,221	156,482	83.33%
4/25/2001	Fairbanks (#339011)		3,681	\$	3,067	614	83.33%

State Fiscal Y	ite Fiscal Year 01 (continued)		Total		Federal	State	
Date	Project	Dis	Disbursement Share		Share	Proportionality	
5/23/2001	Anchorage (#127161)		1,160,368	\$	966,935	193,433	83.33%
5/29/2001	Fairbanks (#339011)		1,486	\$	1,238	248	83.33%
6/19/2001	Anchorage (#127281)		1,681,587	\$	1,401,266	280,321	83.33%
6/19/2001	Fairbanks (#339011)		6,041	\$	5,034	1,007	83.33%
		\$	7,695,444	\$	6,412,613 \$	1,282,831	

State Fiscal Y	ear 00	Total	Federal	State	
Date	Project	Disbursement	Share	Share	Proportionality
7/14/1999	Fairbanks (#339011)	\$ 36,378	\$ 30,314	\$ 6,064	83.33%
7/21/1999	KIB-Landfill Vertical (#505031)	234,454	195,371	39,083	83.33%
8/18/1999	Fairbanks (#339011)	1,372,334	1,143,566	228,768	83.33%
8/20/1999	KIB-Landfill Vertical (#505031)	7,711	6,426	1,285	83.33%
8/20/1999	Kodiak (#503011)	916,154	763,431	152,723	83.33%
5/19/1999	Skagway (#785011)	1,850	1,542	308	83.33%
8/30/1999	Anchorage (#127191)	3,871,824	3,226,391	645,433	83.33%
9/7/1999	Skagway (#785011)	46,658	38,880	7,778	83.33%
9/14/1999	Unalaska (#879021)	524	437	87	83.33%
9/16/1999	KIB-Landfill Vertical (#505031)	104,870	87,388	17,482	83.33%
9/16/1999	Fairbanks (#339011)	459,658	383,033	76,625	83.33%
9/21/1999	Bristol Bay (#183021)	42,893	35,743	7,150	83.33%
10/1/1999	Nome (#627031)	102,549	85,454	17,095	83.33%
10/6/1999	Fairbanks (#339011)	57,078	47,563	9,515	83.33%
10/15/1999	KIB-Landfill Vertical (#505031)	156,835	130,691	26,144	83.33%
11/8/1999	Skagway (#785011)	1,556	1,297	259	83.33%
11/8/1999	Fairbanks (#339011)	613,899	511,562	102,316	83.33%
11/8/1999	Juneau (#445061)	350,781	292,306	58,463	83.33%
11/8/1999	Juneau (#445051)	321,870	268,214	53,656	83.33%
11/8/1999	Kodiak (#503011)	915,756	763,099	152,657	83.33%
11/8/1999	North Slope Borough (#635021)	5,232,096	4,359,906	872,190	83.33%
11/9/1999	KIB-Landfill Vertical (#505031)	1,464	1,220	244	83.33%
12/1/1999	Juneau (#445091)	234,961	195,793	39,168	83.33%
12/6/1999	Klawock (#495011)	10,184	8,486	1,698	83.33%
12/6/1999	Fairbanks (#339011)	317,750	264,781	52,969	83.33%
12/6/1999	North Slope Borough (#635011)	5,609,330	4,674,255	935,075	83.33%
12/17/1999	North Slope Borough (#635021)	2,771,237	2,309,272	461,965	83.33%
12/21/1999	North Slope Borough (#635011)	4,077,725	3,397,968	679,757	83.33%
1/3/2000	Fairbanks (#339011)	6,127	5,106	1,021	83.33%
1/7/2000	North Slope Borough (#635021)	8,326,906	6,938,811	1,388,095	83.33%
1/14/2000	Fairbanks (#339011)	88,270	73,555	14,715	83.33%
1/25/2000	KIB-Landfill Vertical (#505031)	1,239	1,032	207	83.33%
1/25/2000	KIB (#505011)	326	272	54	83.33%
2/1/2000	Juneau (#445101)	326,719	272,255	54,464	83.33%
2/2/2000	North Slope Borough (#635011)	312,945	260,777	52,168	83.33%
2/2/2000	North Slope Borough (#635021)	3,669,761	3,058,012	611,749	83.33%
2/14/2000	Fairbanks (#339011)	1,259	1,049	210	83.33%
2/24/2000	KIB-Landfill Vertical (#505031)	1,724	1,437	287	83.33%
3/1/2000	Palmer (#671011)	222,857	185,707	37,150	83.33%
3/2/2000	Fairbanks (#339011)	1,320	1,100	220	83.33%
3/2/2000	Juneau (#445101)	304,667	253,879	50,788	83.33%
3/2/2000	Juneau (#445091)	504,199	420,149	84,050	83.33%
3/15/2000	Fairbanks (#339011)	35,836	29,862	5,974	83.33%
3/29/2000	Fairbanks (#339011)	7,728	6,440	1,288	83.33%
4/13/2000	Fairbanks (#339011)	5,863	4,886	977	83.33%
4/28/2000	Juneau (#445091)	51,012	42,508	8,504	83.33%
4/28/2000	Juneau (#445101)	149,487	124,568	24,919	83.33%
5/5/2000	Fairbanks (#339011)	29,832	24,859	4,973	83.33%
5/15/2000	KIB-Landfill Vertical (#505031)	2,420	2,017	403	83.33%
5/17/2000	Anchorage (#127151)	706,468	588,700	117,768	83.33%
5/25/2000	Anchorage (#127151)	431,780	359,802	71,978	83.33%
6/9/2000	Fairbanks (#339011)	319,127	265,929	53,198	83.33%
6/12/2000	KIB-Landfill Vertical (#505031)	1,600	1,333	267	83.33%
		\$ 43,379,851	\$ 36,148,430	\$ 7,231,388	

State Fiscal Y	ate Fiscal Year 99 Total Federal S				
Date	Project	Disbursement	Share	State Share	Proportionality
7/8/1998	Skagway (#785011)	\$ 123,816		\$ 20,636	83.33%
7/2/1998	Fairbanks (#339011)	85,731	71,442	14,289	83.33%
7/10/1998	Klawock-WW System Impr. (#495021)	102,464	85,387	17,077	83.33%
7/15/1998	KIB-Landfill Vertical (#505031)	6,804	5,670	1,134	83.33%
7/17/1998	Craig-WW Improvement (#265011)	10,799	8,999	1,800	83.33%
7/21/1998	Kiawock (#495021)	17,030	14,192	2,838	83.33%
7/23/1998	Klawock (#495011)	7,043	5,869	1,174	83.33%
8/4/1998	Skagway (#785011)	303,870	253,225	50,645	83.33%
8/4/1998	Fairbanks (#339011)	847,548	706,290	141,258	83.33%
8/24/1998	KIB-Landfill Vertical (#505031)	1,325	1,104	221	83.33%
9/3/1998	Skagway (#785011)	182,900	152,417	30,483	83.33%
9/3/1998	Klawock-WW System Impr. (#495021)	115,499	96,249	19,250	83.33%
9/3/1998	Klawock-Plan & Design (#495011)	5,407	4,506	901	83.33%
9/3/1998	Fairbanks (#785011)	1,091,530	909,608	181,922	83.33%
9/22/1998	Craig-WW Improvement (#265011)	7,936	6,613	1,323	83.33%
10/5/1998	KIB-Landfill Vertical (#505031)	110,504	92,087	18,417	83.33%
10/5/1998	Skagway (#785011)	175,800	146,500	29,300	83.33%
10/5/1998	Klawock-WW System Impr. (#495021)	65,007	54,172	10,835	83.33%
10/26/1998	Skagway (#785011)	22,200	18,500	3,700	83.33%
10/26/1998	Klawock-Plan & Design (#495011)	3,304	2,753	551	83.33%
11/6/1998	Fairbanks (#339011)	339,129	282,607	56,522	83.33%
11/6/1998	KIB-Landfill Vertical (#505031)	918	765	153	83.33%
11/27/1998	Skagway (#785011)	99,958	83,298	16,660	83.33%
11/27/1998	Anchorage WW Equip. (#127111)	286,051	238,376	47,675	83.33%
11/27/1998	Bristol Bay (#183021)	618,129	515,107	103,022	83.33%
11/27/1998	Klawock (#495011)	4,123	3,436	687	83.33%
12/4/1998	KIB-Landfill Vertical (#505031)	77,831	64,859	12,972	83.33%
12/22/1998	Klawock (#495011)	3,126	2,605	521	83.33%
1/6/1999	Fairbanks (#785011)	185,975	154,979	30,996	83.33%
1/15/1999	Fairbanks (#785011)	45,318	37,765	7,553	83.33%
1/15/1999	Anchorage (#127191)	3,553,304	2,961,085	592,219	83.33%
2/3/1999	Klawock (#495011)	1,986	1,655	331	83.33%
3/15/1999	Bristol Bay (#183021)	153,390	127,825	25,565	83.33%
2/10/1999	Skagway (#785011)	11,100	9,250	1,850	83.33%
2/10/1999	Fairbanks (#339011)	23,867	19,889	3,978	83.33%
2/10/1999	Skagway (#785011)	141,392	117,827	23,565	83.33%
2/24/1999	Kodiak (#505031)	49.335	41,112	8,223	83.33%
2/24/1999	Anchorage (#127091)	106,432	88,693	17,739	83.33%
3/15/1999	Juneau (#445061)	305,219	254,349	50,870	83.33%
3/15/1999	Fairbanks (#339011)	5,031	4,192	839	83.33%
3/19/1999	Klawock (#495011)	6,137	5,114	1,023	83.33%
3/19/1999	KIB-Landfill Vertical (#505031)	5,058	4,215	843	83.33%
4/5/1999	Juneau (#445051)	228,000	190,000	38,000	83.33%
4/5/1999	Fairbanks (#339011)	5,124	4,270	854	83.33%
4/16/1999	Skagway (#785011)	9,250	, 7,708	1,542	83.33%
4/16/1999	KIB-Landfill Vertical (#505031)	18,775	15,646	3,129	83.33%
5/6/1999	Fairbanks (#339011)	13,257	11,047	2,210	83.33%
5/12/1999	Kodiak (#505031)	41,472	34,560	6,912	83.33%
5/19/1999	Skagway (#785011)	1,850	1,542	308	83.33%
5/27/1999	Skagway (#785011)	5,550	4,625	925	83.33%
6/21/1999	Kodiak (#503011)	1,184,548	987,123	197,425	83.33%
7/2/99*	Fairbanks (#339011)	179,805	149,837	29,968	83.33%
		\$ 10,996,957	\$ 9,164,127	\$ 1,832,830	

^{*}CTS Preparation Date falls in next fiscal year, however the ilability was posted in this fiscal year

Exhibit 5

State Fiscal Year 98		Total	Federal	State	
Date	Project	Disbursement	Share	Share	Proportionality
7/10/1997	Craig-WW Improvement (#265011)	\$ 125,003	\$ 104,169	\$ 20,834	83.33%
8/4/1997	Craig-WW Improvement (#265011)	35,945	29,954	5,991	83.33%
8/14/1997	Klawock-Plan & Design (#495011)	5,088	4,240	848	83.33%
9/12/1997	Klawock-Plan & Design (#495011)	11,194	9,328	1,866	83.33%
9/16/1997	Anc-Chester Creek (#127091)	853,155	710,962	142,193	83.33%
10/4/1997	Klawock-Plan & Design (#495011)	14,369	11,974	2,395	83.33%
10/4/1997	Craig-WW Improvement (#265011)	147,780	123,150	24,630	83.33%
10/4/1997	KIB-Plan & Design (#505011)	2,709	2,257	452	83.33%
10/4/1997	Craig-WW Improvement (#265011)	99,478	82,898	16,580	83.33%
11/26/1997	Unalaska-Feasibility Study (#879021)	72,065	60,054	12,011	83.33%
11/26/1997	Klawock-Plan & Design (#495011)	8,130	6,775	1,355	83.33%
12/1/1997	Juneau-Belt Press (#445011)	255,501	212,917	42,584	83.33%
12/4/1997	Unalaska-Upper Haystack (#879011)	629,176	524,313	104,863	83.33%
12/4/1997	Klawock-Plan & Design (#495011)	1,213	1,011	202	83.33%
1/6/1998	Klawock-Plan & Design (#495011)	3,513	2,927	586	83.33%
1/12/1998	Craig-WW Improvement (#265011)	13,725	11,437	2,288	83.33%
1/26/1998	Craig-WW Improvement (#265011)	60,536	50,447	10,089	83.33%
2/4/1998	Unalaska-Feasibility Study (#879021)	16,500	13,750	2,750	83.33%
2/4/1998	Unalaska-Upper Haystack (#879011)	88,278	73,565	14,713	83.33%
2/18/1998	Craig-WW Improvement (#265011)	20,038	16,698	3,340	83.33%
2/18/1998	Klawock-Plan & Design (#495011)	3,964	3,303	661	83.33%
3/12/1998	KIB-Karluk Sanitation (#505021)	63,968	53,307	10,661	83.33%
3/12/1998	Craig-WW Improvement (#265011)	72,296	60,247	12,049	83.33%
4/1/1998	KIB-Karluk Sanitation (#505021)	5,575	4,646	929	83.33%
4/6/1998	Nome-Solid Waste (#627031)	244,756	203,963	40,793	83.33%
4/1/1998	Skagway (#785011)	210,700	175,583	35,117	83.33%
4/13/1998	Klawock-Plan & Design (#495011)	1,044	870	174	83.33%
4/13/1998	Craig-WW Improvement (#265011)	6,631	5,526	1,105	83.33%
5/6/1998	Skagway (#785011)	246,300	205,250	41,050	83.33%
5/20/1998	KIB-Karluk Sanitation (#505021)	12,540	10,450	2,090	83.33%
5/20/1998	Unalaska-Upper Haystack (#879011)	52,655	43,879	8,776	83.33%
5/20/1998	Anc-Gridwood WWTF (#127061)	1,459,058	1,215,881	243,177	83.33%
5/20/1998	Klawock-Plan & Design (#495011)	4,299	3,582	717	83.33%
5/18/1998	Skagway (#785011)	415,250	346,042	69,208	83.33%
5/27/1998	KIB-Landfill Vertical (#505031)	101, 4 29	84,524	16,905	83.33%
6/16/1998	Klawock-Plan & Design (#495011)	10,081	8,401	1,680	83.33%
6/16/1998	KIB-Landfill Vertical (#505031)	5,418	4,515	903	83.33%
6/22/1998	Fairbanks (#339011)	309,268	257,723	51,545	83.33%
		\$ 5,688,628	\$ 4,740,521	\$ 948,107	

State Fiscal Y	ear 97		Total	 Federal	State	
Date	Project	Dis	bursement	Share	 Share	Proportionality
8/19/1996	Anc. Eagle River TID (#127071)	\$	555,666	\$ 463,055	\$ 92,611	83.33%
8/19/1996	Anc-Mis. Project (#127081)		778,691	648,909	129,782	83.33%
9/15/96	Anc. Eagle River TID (#127071)		361,002	300,835	60,167	83.33%
9/24/1996	Anc. Eagle River TID (#127071)		339,505	282,921	56,584	83.33%
12/27/1996	Craig (#265011.1)		2,520	2,100	420	83.33%
10/28/97	Anc-Regional Landfill (#127051)		414,397	345,331	69,066	83.33%
	Kotzebue (#515011)		401,422	334,518	66,904	83.33%
2/14/1997	Craig (#265011.1)		151,092	125,910	25,182	83.33%
2/19/1997	Craig (#265011.1)		17,633	14,694	2,939	83.33%
4/10/1997	KIB-Plan & Design (#505011)		13,708	11,423	2,285	83.33%
4/17/1997	Nome-Solid Waste (#627031)		1,153,831	961,525	192,306	83.33%
4/17/9 7	Craig (#265011.1)		37,832	31,527	6,305	83.33%
4/17/1997	KIB-Plan & Design (#505011)		3,744	3,120	624	83.33%
4/17/1997	Nome-Solid Waste (#627031)		68,412	57,010	11,402	83.33%
4/25/1997	Anc-Mis. Project (#127081)		236,476	197,063	39,413	83.33%
5/12/97	Klawock-Plan & Design (#495011)		12,375	10,312	2,063	83.33%
5/14/1997	KIB-Plan & Design (#505011)		1,238	1,032	206	83.33%
5/30/1997	Craig-WW Improvement (#265011)		233,192	194,327	38,865	83.33%

State Fiscal Year 97 (continued)			Total Federal		State		
Date	Project	Dis	sbursement		Share	Share	Proportionality
5/30/1997	Craig (#265011.1)		340,923		284,103	56,820	83.33%
6/17/1997	Klawock-Plan & Design (#495011)		33,420		27,850	5,570	83.33%
6/18/1997	KIB-Plan & Design (#505011)		1,465		1,221	244	83.33%
		\$	5,158,544	\$	4,298,786 \$	859,758	

State Fiscal Y	ear 96	Total		Fed	eral	Sta	ite	
Date	Project	Dis	bursement		Share		Share	Proportionality
7/17/1995	Bristol Bay-Leader Creek (#183011)	\$	60,005	\$	60,005	\$	-	100.00%
7/18/95	Juneau-Channel Drive (#445031)		402,000		402,000		•	100.00%
7/18/95	Juneau-Goat Hill (#445041)		125,000		125,000		-	100.00%
7/18/95	Craig-WW Improvement (#265011)		1,335		1,335		-	100.00%
7/20/95	Bristol Bay-Leader Creek (#183011)		139,088		139,088		-	100.00%
8/15/1995	Seward-Lowell Point (#769011)		38,715		38,715		-	100.00%
8/15/1995	Anc-Girdwood (#127061)		106,103		106,103		-	100.00%
9/19/1995	Bristol Bay-Leader Creek (#183011)		393,946		393,946		-	100.00%
9/20/1995	Anc-Girdwood (#127061)		4,476,437		4,193,648		282,789	93.68%
1/22/1996	Anc-Regional Landfill (#127051)		1,150,000		958,333		191,667	83.33%
2/22/1996	Juneau-Goat Hill (#445041)		23,800		19,833		3,967	83.33%
3/6/96	Bristol Bay-Leader Creek (#183011)		311,013		259,177		51,836	83.33%
5/7/1996	Anc. Eagle River TID (#127071)		363,758		303,132		60,626	83.33%
5/7/1996	Anc-Mis. Project (#127081)		703,546		586,288		117,258	83.33%
6/18/1996	Anc. Eagle River TID (#127071)		453,100		377,583		75,517	83.33%
		\$	8,747,846	\$	7,964,187	\$	783,660	

State Fiscal Y	ear 95	·····	Total	Federal		State	
Date	Project	Dis	sbursement	Share		Share	Proportionality
7/11/1994	Bristol Bay-Leader Creek (#183011)	\$	172,264	\$ 172,264	\$	_	100.00%
8/3/1994	Bristol Bay-Leader Creek (#183011)		201,930	201,930		-	100.00%
8/31/1994	Nome-Icy View (#627021)		619,619	619,619		-	100.00%
9/1/1994	Bristol Bay-Leader Creek (#183011)		309,688	309,688		-	100.00%
10/5/1994	Bristol Bay-Leader Creek (#183011)		18,638	18,638		_	100.00%
12/1/1994	Bristol Bay-Leader Creek (#183011)		46,459	46,459		-	100.00%
12/9/1994	Seward-Lowell Point (#769011)		106,704	106,704		-	100.00%
2/6/1995	Craig-WW Improvement (#265011)		136,575	136,575		-	100.00%
3/1/1995	Craig-WW Improvement (#265011)		9,245	9,245		-	100.00%
3/20/95	Anc-Regional Landfill (#127051)		2,101,895	2,101,896		_	100.00%
3/21/1995	Craig-WW Improvement (#265011)		8,528	8,528		-	100.00%
5/30/1995	Anc-Regional Landfill (#127051)		1,055,432	1,055,432		-	100.00%
6/4/1995	Bristol Bay-Leader Creek (#183011)		27,877	27,877		-	100.00%
6/12/1995	Craig-WW Improvement (#265011)		9,371	9,371		-	100.00%
		\$	4,824,225	\$ 4,824,226	•		

State Fiscal Year 94		Total			Federal		State	
Date	Project	Disbursement		Share			Share	Proportionality
9/8/1993	Seward-Lowell Point (#769011)	\$	8,104	\$	5,964	\$	2,140	73.59%
10/1/1993	Seward-Lowell Point (#769011)		204,487		204,487		-	100.00%
11/10/1993	Admin Costs		87,906		64,690		23,216	73.42%
11/15/1993	Seward-Lowell Point (#769011)		121,680		121,680		-	100.00%
12/29/93	Seward-Dairy Hill (#769021)		2,815		2,243		572	79.68%
1/12/1994	Seward-Lowell Point (#769011)		137,682		109,705		27,977	79.68%
2/3/1994	Anc-Pt. Woronzof (#127041)		2,443,128		1,946,684		496,444	79.68%
3/17/94	Seward-Lowell Point (#769011)		80,558		64,189		16,369	79.68%
4/29/1994	Bristol Bay-Leader Creek (#183011)		193,885		193,885		-	100.00%
5/6/1994	Juneau-Back Lp (#445021)		1,000,000		1,000,000		-	100.00%
5/27/1994	Juneau-Back Lp (#445021)		140,843		140,843		-	100.00%
	•	\$	4,421,088	\$	3,854,370	\$	566,718	

Exhibit 5

State Fiscal Y	ear 93		Total	Federal	State	
Date	Project	Dis	sbursement	Share	Share	Proportionality
11/20/1992	Admin Costs	\$	67,622	\$ 51,968	\$ 15,654	76.85%
11/25/1992	Nome (#627011)		61,316	47,121	14,195	76.85%
3/4/1993	Nome (#627011)		5,051	-	5,051	0.00%
4/19/1993	Seward-Lowell Point (#769011)		77,109	49,792	27,317	76.85%
5/3/1993	Seward-Lowell Point (#769011)		148,961	114,477	34,484	76.58%
7/13/1993	Seward (#769021)		22,283	7,694	14,589	73.59%
9/8/1993	Anc-Eagle River (#127011)		3,432,852	2,526,236	906,616	73.59%
		\$	3,815,194	\$ 2,797,288	\$ 1,017,906	

State Fiscal Y	ate Fiscal Year 92		Total		ederal	,	State	
Date	Project	Dis	bursement		Share	9	hare	Proportionality
7/31/1991	Nome (#627011)	\$	248,160	\$	176,764	\$	71,396	71.23%
7/31/1991	Nome (#627011)		52,683		37,526		15,157	71.23%
9/24/1991	Nome (#627011)		28,990		18,797		10,193	64.84%
10/22/1991	Nome (#627011)		28,806		18,678		10,128	64.84%
11/27/1991	Nome (#627011)		36,905		28,417		8,488	77.00%
12/16/1991	Cordova (#261011)		289,157		222,651		66,506	77.00%
1/7/1992	Nome (#627011)		14,833		11,421		3,412	77.00%
1/23/1992	Nome (#627011)		18,523		14,262		4,261	77.00%
3/19/1992	Nome (#627011)		1,556		1,197		359	76.93%
4/6/1992	Cordova (#261011)		165,473		127,249		38,224	76.90%
		\$	885,086	\$	656,962	\$	228,124	

State Fiscal Y	ear 91	Total		Federal			State	
Date	Project	Dis	bursement		Share		Share	Proportionality
9/6/1990	Anc-Eagle River (#127011)	\$	431,573	\$	317,514	\$	114,059	73.57%
9/10/1990	Anc-Eagle River (#127011)		428,397		315,372		113,025	73.62%
10/23/1990	Anc-Eagle River (#127011)		736,459		542,157		194,302	73.62%
11/9/1990	Anc-Eagle River (#127011)		130,140		92,695		37,445	71.23%
12/21/1990	Anc-Eagle River (#127011)		520,212		370,531		149,681	71.23%
1/16/1991	Anc-Campbell Creek (#127021)		1,709,956		1,217,950		492,006	71.23%
1/22/1991	Anc-Eagle River (#127011)		235,156		167,495		67,661	71.23%
3/29/1991	Homer (#409011)		950,156		676,796		273,360	71.23%
4/12/1991	Admin Costs		56,418		33,894		22,524	60.08%
		\$	5,198,467	\$	3,734,404	\$	1,464,063	

State Fiscal Y	ear 90		Total	Federal	State	
Date	Project	Dis	sbursement	Share	Share	Proportionality
7/28/1989	Kachemak City (#451011)	\$	450,000	\$ 375,000	\$ 75,000	83.33%
10/31/1989	Anc-Eagle River (#127011)		1,669,326	1,391,026	278,300	83.33%
11/2/1989	Homer (#409011)		1,467,258	989,666	477,592	67.45%
12/8/1989	Homer (#409011)		220,055	220,055	-	100.00%
1/3/1990	Homer (#409011)		261,089	217,574	43,515	83.33%
6/21/1990	Anc-Eagle River (#127011)		134,382	98,928	35,454	73.62%
6/21/1990	Homer (#409011)		1,851,442	1,164,194	687,248	62.88%
		\$	6,053,552	\$ 4,456,443	\$ 1,597,109	

EXHIBIT 6 FINANCIAL STATEMENTS

STATE OF ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION ALASKA CLEAN WATER FUND

Financial Statements, Additional Information and Federal Single Audit Reports

Year Ended June 30, 2005

Table of Contents

FINANCIAL STATEMENTS	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Statement of Net Assets	9
Statement of Activities	10
Statement of Cash Flows	11
Notes to Financial Statements	12-24
ADDITIONAL INFORMATION	
Schedule of Expenditures of Federal Awards	26
FEDERAL SINGLE AUDIT REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	28-29
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	30-31
Summary Schedule of Prior Audit Findings and Corrective Action Plan	32
Schedule of Findings and Questioned Costs	33



MIKUNDA, COTTRELL & CO.

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
3601 "C" Street, Suite 600 • Anchorage, Alaska 99503
(907) 278-8878, Fax (907) 278-5779

www.mcc-cpa.com

Independent Auditor's Report

State of Alaska
Department of Environmental Conservation,
Division of Water

We have audited the accompanying statement of net assets of the Alaska Clean Water Fund (the ACWF), an enterprise fund of the State of Alaska, as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the ACWF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alaska Clean Water Fund as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2005 on our consideration of the ACWF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

State of Alaska
Department of Environmental Conservation,
Division of Water

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mikunda, Cottrell & Co.

September 16, 2005

Management's Discussion and Analysis

June 30, 2005

This section of the Alaska Clean Water Fund's (ACWF) annual financial report presents our discussion and analysis of the ACWF's financial performance during the fiscal year ended on June 30, 2005. Please read it in conjunction with the ACWF's financial statements and accompanying notes.

Program Description

The ACWF provides low interest loans to communities throughout the state for financing wastewater improvements and certain types of water quality improvement projects. Loans can also be provided to refinance debt from previous, eligible projects. Loans can finance up to 100% of a project's eligible costs for planning, design, and construction of publicly owned facilities. In addition, loans can be used to meet local match requirements for the Alaska Department of Environmental Conservation Municipal Matching Grants program or other federal or state funding sources. Annually, management of the ACWF identifies funding sources, selects projects and distributes the loan funds to projects according to approved criteria and federal and state regulations.

Overview of the Financial Statements

This annual financial statement consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements with the accompanying notes to the financial statements.

The ACWF is an enterprise fund of the State of Alaska; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the ACWF. While detailed sub-fund information is not presented, separate accounts are maintained to control and manage money for particular purposes and to demonstrate that the ACWF is properly using specific grants, appropriations and bond proceeds.

The ACWF basic financial statements are comprised of the enterprise fund financial statements and accompanying notes to the financial statements. The enterprise fund financial statements are made up of the following:

- Statement of Net Assets – This statement presents information on all assets and liabilities of the ACWF, with the difference between assets and liabilities reported as net assets. Net assets for the ACWF are classified as restricted or unrestricted, depending on limitations of use imposed by third parties and/or enabling federal or state legislation.

- Statement of Activities This statement presents all revenues and expenses of the ACWF and the change in net assets. This statement segregates information into operating and non-operating revenues and expenses; as well as capital contributions.
- Statement of Cash Flows This statement details the sources and uses of cash within the ACWF.
- The notes to the financial statements provide detail concerning the financial activities and balances of the ACWF. Information about the accounting policies and practices of the ACWF, as well as underlying detailed information supporting certain account balances within the financial statements are also presented.

Current Year Fiscal Highlights

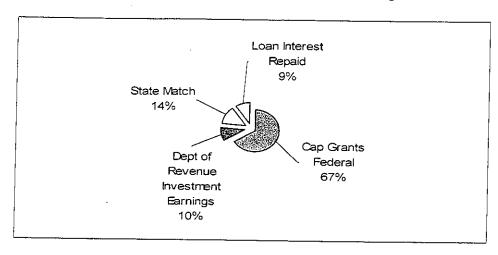
- Loan disbursements of \$14.4 Million were made to communities for ACWF projects; \$12.0 Million (or 83%) of the total amount was from the federal Environmental Protection Agency capitalization grants. Loan disbursements in fiscal year 04 were \$20.7 Million; and again, 83% of the total was drawn from federally provided capitalization grant funds.
- Loan repayments (comprised of principal, interest and fees) in the amount of \$16.3 Million were received. In fiscal year 04, repayments totaled \$10.5 Million.
- The Department of Revenue earned investment interest of \$2.2 Million for the ACWF. In fiscal year 04, the ACWF earned \$646,000 as investment interest.
- Program expenditures for administering the ACWF totaled \$259,000. In fiscal year 04, program expenditures were \$403,000.

Historical Financial Highlights

- To date the Environmental Protection Agency has granted \$137,665,762 to the state for the ACWF.
- The ACWF expects to receive another \$6.5 Million from the EPA; matched by state funds of \$1,302,600 for this federal fiscal year.
- State appropriations of \$19,807,300 and bond receipts of \$9,313,560 have previously been secured.
- Other significant funding sources include investment interest earnings of \$21,704,995 and interest repayments of \$19,371,730.

As was noted and illustrated below, the majority of the ACWF comes from the federal capitalization grants received from the EPA under the Clean Water Act. For each federal dollar granted, the State of Alaska must contribute 20 cents. Other sources of funds include loan interest and investment earnings on the unused cash balance.

Alaska Clean Water Funding Sources



Financial Analysis

...

The following information presents comparative information for the ACWF.

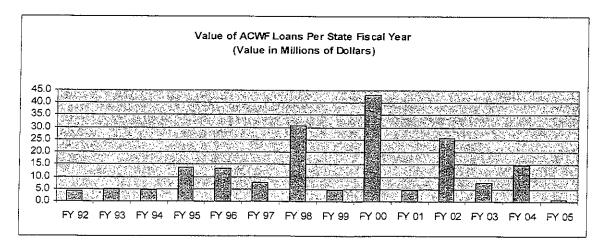
	<u>FY 05</u>	<u>FY 04</u>
Total Assets	\$ 194,251,890	\$ 177,643,326
Total Liabilities	39,448	2,428
Total Net Assets	194,212,442	177,640,898
Operating Revenue	2,592,400	2,326,079
Operating Expenses	262,966	403,493
Non-operating Revenue (net)	2,222,741	644,433
Capital Contributions	12,019,369	17,192,501
Increase in net assets	16,571,544	19,759,520

- During fiscal year 05, total assets increased by \$16.6 million, comprised primarily of cash due to receipt of the EPA grant. Loan receivable balances have increased by roughly \$0.7 million resulting from loan distributions of \$14.4 million and principal repayments of \$13.7 million.
- The increase in liabilities is due to a distribution payable to a loan recipient.
- The increase in operating revenue is due to an increase in loan repayments and the related interest receipts.
- Operating expenses have declined slightly due to a decrease in personnel costs.
- Non-operating revenues have increased due to interest realized on investments of unused cash.
- Capital contributions decreased as a result of lower loan distributions in FY 05 than FY 04.

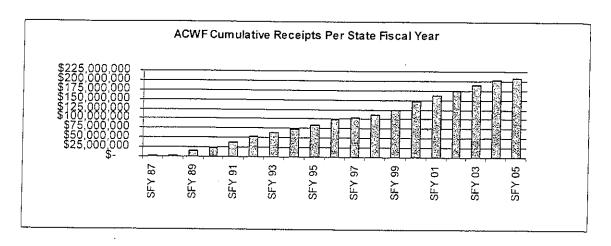
- The ACWF's financial condition continues to remain strong. The ACWF is required by the federal Clean Water Act to "... be established, maintained, and credited with repayments, and the fund balance shall be available in perpetuity for providing financial assistance".
- The federally required annual Intended Use Plan (IUP) details management's short and long term goals established to meet this requirement of managing the fund for perpetuity. The goals of management are to continue to maintain the availability of money for meeting future wastewater facility and other water quality management needs as well as protecting the fiscal health of the ACWF. Past EPA conducted Performance Evaluation Reviews state that management is indeed operating the fund in this manner and states that one of the principal strengths of the ACWF is its "Ample financial resources to satisfy loan demand placed on the fund over the foreseeable future."

Program Highlights

- In fiscal year 05 the ACWF made 2 loans for wastewater improvements projects to two different communities. In fiscal year 04, 6 loans were made to two different communities.
- Loan commitments in fiscal year 05 totaled \$606,000, as compared to loan commitments of \$14.8 Million in fiscal year 04.
- Through fiscal year 05, the ACWF has made a total of 85 loans to 27 different communities with a total committed value of \$197,099,338 (During FY 05, a change was made to include in the tally only actual loans executed; rather than also including loan increases.) It is noted that the potential pool of loan recipients is comprised of approximately 35 communities. Therefore, the ACWF has made loans to approximately 78% of all potential borrowers.



- Through SFY 05, the aggregated receipts of the ACWF have been \$207,863,347. This includes federal grants, state matches, loan interest repaid and investment interest earned.



(The committed value [see previous page] also includes loan principal repayments and the above amount [cumulative receipts] does not.

The finance charge for loans was reduced to 1.5% effective 4/28/05; all loans had their interest rate lowered to this rate for any outstanding balances owed. Finance charges are fixed at the time of the loan commitment and are dependent on the contract term, but cannot exceed a 20-year amortization period. Rates are the higher of either the flat rate, or the current bond rate, as defined by the Municipal Bond Index*. Accrual of interest begins one year after the date of the first payment to the borrower.

Contract Term	Finance Charge %
Less than one Year One - Five Years Five - Twenty Years	.5% 1% or 12.5% of the current MBI*; whichever is higher 1.5% or 20% of the current MBI*; whichever is higher

^{*} Municipal Bond Index rate refers to the Merrill – Lynch 500 Municipal Bond Index published in the Wall Street Journal once a week.

- One-half of one percent (.5%) of the finance charge noted above is taken as a fee to help offset future operational costs. This will help run the ACWF program once federal capitalization grants are no longer available.
- Currently, the default rate is zero; however, there have been late payments. (The communities have paid the associated late penalty fees.)

Other Financial Information

The Alaska Department of Environmental Conservation, Water Division, Municipal Grants and Loans Section manages the ACWF. The ACWF loan program is regulated by Title 18, Chapter 76 of the Alaska Administrative Code and is audited annually per EPA issued guidance for the review and audit of state revolving loan funds.

The Municipal Grants and Loan Section has a budget to complete its mission, and the ACWF provides a portion of those funds needed for the funding of that budget. Consequently, the ACWF itself does not have a budget, but rather is a funding source for expenditures related to administration of the loan program. Currently, these funds come from the allowable 4% administrative set-aside from the federal capitalization grants. However, in anticipation of capitalization grants ending, a loan fee was instituted and is being collected to cover the costs of managing the ACWF loan program once the administrative set-aside funds are depleted.

The ACWF has no capital assets, infrastructure, or long-term debt, since it is simply a state-managed loan program to provide funding for wastewater improvements and certain types of solid waste improvement projects.

The ACWF does issue short-term debt to obtain funds for the required state match to the federal capitalization grant. The details of this short term bonding technique are as follows: the department uses as collateral, the interest income of the ACWF to acquire bond receipts and save approximately \$1.3 million in general funds from the State budget annually. This process effectively substitutes bond receipts for interest income. The department is required to document that sufficient interest income exists in an amount equal to or greater than the proposed bonding amount and that this process will still allow the ACWF to grow in perpetuity. Audits of the ACWF have documented the availability of the required amount of interest. The State Bond Committee issues a short-term bond (1-day) which is then repaid, from interest earnings of the ACWF. Bond costs and fees are also paid from this transaction.

Management of the ACWF is not aware of any additional information, decisions, or conditions that will have a significant effect on the financial position or operations of the ACWF in the future.

Contacting the Alaska Clean Water Fund Management

This financial report is designed to provide a general overview of the ACWF finances for all those interested. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to Mike Lewis, Program Manager, Municipal Grants and Loans Section, Water Division, Alaska Department of Environmental Conservation at 555 Cordova Street, Suite 400, Anchorage, Alaska 99501-2617 or by email to Mike_Lewis@dec.state.ak.us.

STATE OF ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Alaska Clean Water Fund

Statement of Net Assets
June 30, 2005

(With Comparative Amounts for June 30, 2004)

		<u>2005</u>	<u>2004</u>
<u>Assets</u>			
Current assets:			
Cash and investments	\$	87,508,974	71,551,697
Due from other funds		228,699	71,397
Due from federal government		7,510	43,602
Interest receivable	•	999,298	1,218,796
Loans receivable, current portion		8,673,692	8,222,566
Total current assets	٠	97,418,173	81,108,058
Loans receivable, net of current portion		96,833,717	96,535,268
Total assets	\$	194,251,890	177,643,326
<u>Liabilities</u>			
Outstanding warrants		39,448	2,428
Net Assets			
Restricted for Revolving Loan Program	\$	194,212,442	177,640,898

Statement of Activities

Year Ended June 30, 2005

(With Comparative Amounts for Year Ended June 30, 2004)

		<u>2005</u>	<u>2004</u>
Operating revenues:			
Grants - Environmental Protection Agency	\$	219,144	342,171
Interest income on loans		2,372,882	1,983,516
Fines and forfeitures		374	392
Total operating revenues		2,592,400	2,326,079
Operating expenses - program administration:			
Salaries and related benefits		206,170	316,961
Allocated costs		19,937	35,800
Other		36,859	50,732
Total operating expenses		262,966	403,493
Earnings from operations		2,329,434	1,922,586
Nonoperating revenues (expenses):			
Investment income		2,224,593	646,273
Bond fees		(1,852)	(1,840)
Net nonoperating revenues	_	2,222,741	644,433
Earnings before capital contributions		4,552,175	2,567,019
Capital contributions - Environmental Protection Agency grants	_	12,019,369	17,192,501
Change in net assets		16,571,544	19,759,520
Beginning net assets	_	177,640,898	157,881,378
Ending net assets \$	_	194,212,442	177,640,898

STATE OF ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Alaska Clean Water Fund

Statement of Cash Flows Year Ended June 30, 2005

(With Comparative Amounts for Year Ended June 30, 2004)

Cook flavor from a cooking activities		<u>2005</u>	2004
Cash flows from operating activities: Cash paid out in loans	\$	(14 204 000)	(20, 629, 072)
Cash received on loans	Ф	(14,386,228) 16,266,427	•
Cash received on loans Cash paid to employees for services		(206,170)	, ,
Cash paid to chiployees for services Cash paid for other operating costs		(56,796)	
Cash received from operating grants		255,236	316,826
Cash received from (paid to) central treasury	•		62,513
•		(157,302)	
Net cash flows provided (used) by operating activities		1,715,167	(10,163,341)
Cash flows from noncapital financing activities:	•		
Contributions from Environmental Protection Agency		12,019,369	17,192,501
Proceeds from issuance of revenue anticipation bonds		1,582,380	1,620,000
Principal payment on revenue anticipation bonds		(1,582,380)	(1,620,000)
Cash paid for bond fees		(1,852)	(1,840)
Net cash flows from noncapital financing activities		12,017,517	17,190,661
Cook flower from investing activities			
Cash flows from investing activities - investment income received		0.004.500	(46.070
mivestment income received		2,224,593	646,273
Net increase in cash and investments		15,957,277	7,673,593
Beginning cash and investments		71,551,697	63,878,104
Ending cash and investments	\$.	87,508,974	71,551,697
Reconciliation of earnings from operations to			
net cash flows from operating activities:			
Earnings from operations		2,329,434	1,922,586
Adjustments to reconcile earnings from operations to net cash		2,329,434	1,922,300
flows from operating activities:			
(Increase) decrease in due from other funds		(157,302)	62,513
(Increase) decrease in due from federal government		36,092	(25,345)
Decrease in interest receivable		219,498	62,419
Increase in loans receivable		(749,575)	(12,187,942)
Increase in outstanding warrants		37,020	2,428
	-	57,020	2,720
Net cash flows provided (used) by operating activities	\$ _	1,715,167	(10,163,341)

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

General Statement

The Alaska Clean Water Fund (the ACWF) is a revolving loan fund which provides low-interest loans for planning, design and construction of publicly owned wastewater collection, treatment and discharge systems. In 1987, the Alaska State Legislature established the ACWF pursuant to AS 46.03.032 enacted in response to a congressional mandate to phase out the previous federal grant program that funded such projects. The ACWF is funded by contributions from the U.S. Environmental Protection Agency and short-term bond proceeds.

Financial Reporting Entity

These financial statements reflect activities related to the Alaska Clean Water Fund, an enterprise fund of the State of Alaska, including activities funded by grants from the Environmental Protection Agency (EPA) and by appropriations from the State's General Fund and short-term bond proceeds. These activities are carried out through the State Department of Environmental Conservation within the Division of Water.

Accounting Principles

The accounting policies of the ACWF conform to accounting principles generally accepted in the United States of America. The ACWF reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Presentation

ACWF is an enterprise fund of the State of Alaska. Enterprise funds are used to account for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Notes to Financial Statements, continued

Summary of Significant Accounting Policies, continued

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Enterprise funds are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Grant Revenue

Funds drawn from the EPA grant for loans to qualifying Alaskan communities are considered earned upon loan distribution and recorded as capital contributions.

State Appropriation and Transfers

Funds appropriated by the State are intended to fulfill the EPA grant's matching requirement. Those amounts used to provide loans to qualifying Alaskan communities are recorded as State appropriations (non-operating revenue) in the year appropriated by the State Legislature. Amounts of State appropriations that exceed the matching requirement are recorded as transfers.

Interest Income

Per State regulations at 18 AAC 76.080, loans to qualified Alaskan communities must be repaid within twenty (20) years; interest accrual begins one year after the date of the first payment to the borrower. For financial statement purposes, interest income on outstanding loans is accrued when earned; calculation of accrued interest begins as each loan enters the repayment phase.

Investment Income

Investment income on cash and investments is allocated to ACWF as agreed to under a Memorandum of Understanding (MOU) by and between the Departments of Revenue and Administration. Under the MOU, investment income is allocated daily based upon actual earnings of the cash management pool. Investment income on the ACWF's balance on deposit with the State's cash management pool is recorded as earned.

Equipment

Because the purchases of equipment are insignificant to these financial statements, they are expensed in the year of acquisition.

Notes to Financial Statements, continued

Summary of Significant Accounting Policies, continued

Statement of Cash Flows

For the purpose of the statement of cash flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the State's short and intermediate-term cash management pools, of which ACWF's cash is a part, operate as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents as well.

Columns for 2004

The amounts shown for 2004 in the accompanying financial statements are presented to provide a basis for comparison with 2005 and are not intended to be a complete financial statement in accordance with generally accepted accounting principles.

(2) **Program Activities**

Program objectives carried out in the Division of Water include all activities surrounding loan approvals, disbursements and repayments as well as program administration.

(3) Cash and Investments

Cash and investments represent cash on deposit in banks and cash invested in various investments as a part of the State's short-term fixed income and intermediate-term fixed income cash management pools. The State has created a pooled environment by which it manages investments. Actual investing is performed by investment officers in the State's Department of Revenue, Treasury Division, or by contracted external investment managers. ACWF invests in the State's internally managed General Fund and Other Non Segregated Investments Pool (GeFONSI). GeFONSI consists of investments in the State's internally managed Short-term and Intermediate-term Fixed Income Pools. A complete description of the investment policy for each pool is included in the <u>Department of Revenue</u>, <u>Treasury Division</u>, <u>Policies and Procedures</u>.

Assets are reported at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31. Investment purchases and sales are recorded on a tradedate basis. Securities are valued each business day using prices obtained from a pricing service.

The accrual basis of accounting is used for investment income. GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term and Intermediate-term Fixed Income Pools is allocated to pool participants daily on a pro rata basis.

Notes to Financial Statements, continued

Cash and Investments, continued

At June 30, 2005, ACWF had the following investments:

Investment Type	Short-Term Fixed Income <u>Pool</u>	Intermediate Term Fixed Income Pool	<u>Total</u>
Overnight Sweep Account	\$ 61,955	_	61,955
Commercial Paper	3,554,644	_	3,554,644
U.S. Treasury Bills	2,695,820	· -	2,695,820
U.S. Treasury Notes	2,341,329	17,264,982	19,606,311
U.S. Treasury Strips	-	361,366	361,366
U.S. Government Agency			
Discount Notes	595,478	2,440,992	3,036,470
U.S. Government Agency	-	4,690,340	4,690,340
Mortgage-backed	6,804,191	7,353,942	14,158,133
Other Assets-backed	19,082,028	1,847,857	20,929,885
Corporate Bonds	8,654,304	5,575,434	14,229,738
Yankees – Corporate	331,308	14,456	<u>345,764</u>
Total invested assets	44,121,057	39,549,369	83,670,426
Pool related net assets (liabilities)	442,025	(2,211,127)	<u>(1,769,102</u>)
Net invested assets	\$ <u>44,563,082</u>	<u>37,338,242</u>	81,901,324
Unallocated deposits		•	<u>5,607,650</u>
Total cash and investments			\$ <u>87,508,974</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months in maturity or fourteen months expected average life. Floating rate securities are limited to three years in maturity or three years expected average life. Treasury utilizes the actual maturity date for commercial paper and twelve month prepay speeds for other securities. At June 30, 2005, the expected average life of individual fixed rate securities ranged from one day to ten months and the expected average life of floating rate securities ranged from less than one year to three years.

Notes to Financial Statements, continued

Cash and Investments, continued

Intermediate-term Fixed Income Pool

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its Intermediate-term Fixed Income Pool to \pm 20% of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2005, was 2.31 years.

At June 30, 2005, the effective duration by investment type was as follows:

	Effective Duration (in years)
U.S. Treasury Notes	2.26
U.S. Treasury Strips	0.86
U.S. Government Agency	3.01
Mortgage-backed	2.01
Other Assets-backed	0.84
Corporate Bonds	2.60
Yankees – Corporate	3.09
Portfolio Effective Duration	2.10

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

Notes to Financial Statements, continued

Cash and Investments, continued

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Treasury's investment policy has the following limitations with regard to credit risk:

With the exception of the sweep account, Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least A1 or equivalent by Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of the rating agencies mentioned above if they are rated AAA. Unexpected daily cash surpluses that arise in this pool are invested overnight in the custodian's repurchase agreement sweep account. Treasury does not have a policy to limit credit risk associated with the sweep account.

Intermediate-term Fixed Income Pool investments are limited to securities with a long-term median credit rating of at least BBB3 or equivalent and securities with a median short-term credit rating of at least A1 or equivalent by Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of the rating agencies mentioned above if they are rated AAA.

At June 30, 2005, the Intermediate-term Fixed Income Pool consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	<u>Rating</u>	Intermediate Term Fixed Income Pool
U.S. Government Agency		
Discount Notes	Not Rated	7%
U.S. Government Agency	Not Rated	13%
Mortgage-backed	AAA	6%
Mortgage-backed (Agency)	Not Rated	11%
Other Assets-backed	AAA	4%
Other Assets-backed	A	1%

Notes to Financial Statements, continued

Cash and Investments, continued

Investment Type	<u>Rating</u>	Intermediate Term Fixed <u>Income Pool</u>
Corporate Bonds	AAA	1%
Corporate Bonds	AA	2%
Corporate Bonds	A	6%
Corporate Bonds	BBB	6%
No Credit Exposure	•	43%
•		<u>100%</u>

Rating modifiers are not disclosed.

At June 30, 2005, the securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated.

Concentration of Credit Risk

Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds of any one company or affiliated group. At June 30, 2005, ACWF had more than five percent of their investments in Federal Home Loan Mortgage Corporation and Federal National Mortgage Association as follows:

,	Fair Value	Percent of Total <u>Investments</u>
Federal Home Loan Mortgage Corporation	\$ 5,217,681	6%
Federal National Mortgage Association	\$ 6,794,290	8%

(4) Securities Lending

Alaska Statute 37.10.071 authorizes the Commissioner of Revenue to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. The Commissioner entered into an agreement with State Street Corporation (the Bank) to lend fixed income securities. The Bank, acting as the Commissioner's agent under the agreement, transfers securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

At June 30, 2005, the fair value of securities on loan allocable to ACWF totaled \$678,503.

Notes to Financial Statements, continued

Securities Lending, continued

There is no limit to the amount that can be loaned and the Commissioner is able to sell securities on loan. Fixed income security loans are collateralized at not less than 102 percent of their fair value. Loaned securities and collateral is marked to market daily and collateral is received or delivered the following day to maintain collateral levels.

Cash collateral is invested in a registered 2(a)-7 money market fund which is valued at amortized cost. Maturities of investments in the money market fund generally do not match the maturities of the loaned securities because the lending agreements are terminable at will. Securities collateral may be pledged or sold upon borrower default. Since the Commissioner does not have the ability to pledge or sell the securities collateral unless the borrower defaults, they are not recorded in the financial statements. Securities on loan, cash collateral and cash collateral payable are not recorded in the financial statements. The Bank, ACWF and the borrower receive a fee from earnings on invested collateral. The Bank and ACWF share a fee paid by the borrower for loans not collateralized with cash.

There is limited credit risk associated with the lending transactions since the Commissioner is indemnified by the Bank against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnifies the State against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications are subject to limitation relating to war, civil unrest or revolution, or beyond the reasonable control of the Bank.

(5) Loans Receivable

Loans receivable are secured through a pledge of a dedicated revenue source from each community. Communities are also required to maintain certain financial performance measurements for income available for debt service. Loans are generally repaid over terms ranging from five to twenty years, with annual scheduled principal and interest payments. Interest rates are fixed at the time the loan agreement is signed. Effective April 28, 2005, all loans were converted from a 2.5% to a 1.5% interest rate.

Notes to Financial Statements, continued

Loans Receivable, continued

Balances outstanding on loans which are not yet in the repayment phase as of June 30, 2005 consist of the following:

Community	Project Name		<u>Balance</u>
Anchorage	FY 97 miscellaneous	\$	1,559,895
Anchorage	Facility upgrade		534,972
Anchorage	Wastewater data processing		1,182,000
Anchorage	C-5-7 Trunk sewer upgrade		1,944,590
Anchorage	Asplund WWTF process	4	4,200,000
Anchorage	SCADA Sewer	2	2,982,921
Craig	Wastewater treatment		550,000
Homer	Sewer service extension	•	1,431,034
Juneau	Mendenhall treatment impr.		1,439,000
Juneau	Mendenhall WW treatment phase II	Ţ	1,272,825
Kodiak Island Borough	Vertical expansion	J	1,309,658
North Slope Borough	Atqasuk sewer project	•]	1,124,429
North Slope Borough	Kaktovik sewer project	13	3,493,147
North Slope Borough	Nuiqsut sewer project]	1,124,429
Petersburg	Scow Bay sewer extension		643,823
Sitka	Sawmill Creek sewer		250,000
Sitka	WWT solids lime treatment		971,624
Total loans not in repa	ayment	\$ <u>36</u>	5,014,347

Loans receivable in the repayment phase at June 30, 2005 consist of the following:

Community	<u>Project Name</u>	<u>Balance</u>
Anchorage	Eagle River expansion	\$ 2,718,811
Anchorage	Pt. Woronzof	1,308,436
Anchorage	Regional landfill	5,058,989
Anchorage	Girdwood wastewater	1,116,885
Anchorage	Eagle River TID	1,574,865
Anchorage	Miscellaneous projects	1,817,780
Anchorage	Chester Creek pump station	687,973
Anchorage	Equipment wastewater 1998	224,440
Anchorage	Chester Creek sewer trunk study	270,114
Anchorage	Operations facilities	1,024,424
Anchorage	Operations facilities phase III	1,798,149
Anchorage	Solid waste landfill	6,720,352
Anchorage	FY99 miscellaneous small sewer	1,240,234
Anchorage	Asplund wastewater treatment	3,654,631
Anchorage	Septic system site upgrade	450,000
Anchorage	B-4B Sewer trunk upgrade	2,133,673

Notes to Financial Statements, continued

Loans Receivable, continued

Community	Project Name]	<u>Balance</u>
Bristol Bay Borough Bristol Bay Borough Bristol Bay Borough Cordova Craig	Leader Creek sewer King Salmon sewer phase II Sewer project phase III Sewer system rehab Wastewater treatments	(5 2	770,991 650,875 844,833 175,471 248,011
Fairbanks Homer Juneau Juneau Juneau Juneau	Solid waste landfill STP upgrade Belt filter press Channel Drive extension Goat Hill sewer		585,945 244,081 76,621 40,200 14,880
Juneau Juneau Juneau Juneau Juneau Kachemak	Goat Hill sewer, phase II Auke Bay wastewater Juneau-Valley Court sewer upgrade J-D treatment disinfection plant 20" Sewer force main upgrade STP	3 1,5 1,9	91,200 491,837 860,000 612,000 962,402 37,743
Klawock Klawock City of Kodiak Kodiak Island Borough Kodiak Island Borough	Planning and design Wastewater system improvement Wastewater treatment plant Planning and design Karluk sanitation project	1 2 2,2	18,772 237,480 212,070 19,520 69,097
Kotzebue Nenana Nome Nome Nome	Equipment upgrade Phase I sewer extension Icy View, phase I Icy View, phase II Solid waste landfill	1 2 3 3	25,358 31,325 26,220 60,106 82,204
North Slope Borough North Slope Borough Palmer Seward Seward	Anatuvuk sewer project Wainwright sewer project Sewer repair Lowell Point lagoon repair Dairy Hill sewer project	3,9 7,9 1 5	85,868 71,742 77,000 05,399 13,324
Skagway Unalaska Unalaska Wasilla Wasilla	Solid waste treatment site Upper Haystack sewer WTP feasibility Sewer main improvements Sewer main improvements, phase II	1,5 50 27	14,745 06,322 63,190 70,959 42,135
Wrangell Total loans currently i Total loans receivable Less current portion	Wastewater treatment n repayment	69,49	53,380 93,062 97,409 73,692)
Long-term portion	0.1	\$ <u>. 96,83</u>	

Notes to Financial Statements, continued

Loans Receivable, continued

Annual scheduled principal repayments for those loans in repayment at June 30, 2005 are as follows:

Year ending June 30:	
2006	\$ 8,673,692
2007	6,986,016
2008	6,944,303
2009	6,940,057
2010	3,949,461
2011-2015	17,032,094
2016-2020	11,076,090
2021-2025	<u> 7,891,349</u>
	69,493,062
Loans currently not in repayment	36,014,347
Total loans receivable	\$ <u>105,507,409</u>

(6) Due From Other Funds

Program administrative and set-aside expenses for ACWF are accounted for in the State of Alaska's General Fund. Funds are transferred from ACWF to the General Fund in advance and expended as program administration and set-aside costs are incurred. At June 30, 2005, Due From Other Funds was comprised of \$228,699 for amounts transferred to the General Fund in excess of the actual expenses.

(7) Due From Federal Government

Amounts due for reimbursable administrative expenses not yet drawn down on the EPA grant as of June 30, 2005 totaled \$7,510.

(8) EPA Grant

ACWF is funded by grants from the EPA and matching funds from the State. The State's required contribution is based on a statutorily-determined percentage (20%) of the EPA grant award and is funded by a State General Fund appropriation made at the beginning of each State fiscal year. During fiscal year 2005, \$1,582,380 was appropriated for the State's matching share and was funded by revenue anticipation bonds.

Funds from the EPA's portion of the grant are from a federal appropriation and are drawn down as loan disbursements and administrative costs are incurred. Federal drawdowns must be applied to the oldest outstanding appropriation before amounts may be drawn against more recent awards.

Notes to Financial Statements, continued

EPA Grant, continued

The following is a schedule by year of the remaining balances of the EPA appropriations:

Federal Fiscal <u>Year</u>	Project Fund Grant Award	Spent in FY05	Spent to <u>Date</u>	Balance Remaining
2003 2004	\$ 7,907,000 	5,875,337 6,405,074	7,907,000 <u>6,405,074</u>	<u>1,506,826</u>
	\$ <u>15.818.900</u>	12,280,411	14,312,074	1.506,826

(9) Administrative Fees

Effective December 29, 2000, pursuant to Alaska Statute 18 AAC 76.085, ACWF began assessing an administrative fee equal to one-half of one percent of the outstanding loan balance. The fee is included in the interest rate charged. Federal law limits the use of these funds for use in the ongoing administration and operations of the revolving loan program. In addition, grant conditions require that separate accounting records be maintained for the collection and use of these funds. The Alaska Clean Water Fund can only access these funds following a legislative appropriation. The financial activities of the fee account have been included in these financial statements.

Summarized audited financial data of the account for the year ended June 30, 2005, follows:

Statement of Net Assets

Assets.

Assets.	
Cash	\$ 1,830,894
Due from other funds	86,946
Total assets	\$ <u>1,917,840</u>
Net assets	\$ <u>1,917,840</u>
Statement of Activities	
Fees (included in interest income on loans) Investment income	\$ 540,342 44,779
Increase in net assets	\$ <u>585,121</u>

Notes to Financial Statements, continued

(10) Pension Plan

All full-time employees of the State of Alaska, Department of Environmental Conservation participate in the State of Alaska Public Employees' Retirement System (PERS), a multiple-employer public employee retirement system. Salaries and benefits for employees charged to ACWF and covered by PERS totaled \$206,170 in fiscal year 2005. Employees are required to contribute 6.75% of their annual salaries to PERS. The State of Alaska contributes the remaining amounts which are actuarially determined to be necessary to pay future benefits related to wages earned during the current period. These contributions are included in salaries and related benefits in these financial statements.

(11) **Bond Issuance**

EPA guidelines dictate that interest earnings from loans and investment income may not be used to meet the State's matching requirement on the Clean Water grant. Debt issuance is an allowable match. Interest and investment income may be used to retire the debt.

In fiscal year 2005, ACWF issued \$1,582,380 in revenue anticipation bonds, the proceeds of which were used to fund the State share of loan distributions and administrative costs. In accordance with EPA regulations, interest and investment earnings were then used to retire the revenue anticipation bonds.

(12) Commitments

As of June 30, 2005, ACWF is committed to disbursing a net total of \$38,013,399 for future loans. The total amounts to be disbursed under these agreements is uncertain as not all of the loans are expected to be fully drawn; accordingly, they are not included in these financial statements.

(13) Subsequent Event

Plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2006. Although this transaction has not yet been finalized, the issuance of the bonds is imminent. The borrowing is to be secured by interest earnings of the Alaska Clean Water Fund.

ADDITIONAL INFORMATION

STATE OF ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION Alaska Clean Water Fund Schedule of Expenditures of Federal Awards Year Ended June 30, 2005

Due From Grantor June 30,	11,649	11,649
<u>Adjustments</u>		5
Federal Receipts	5,918,939 6,393,430	12,312,369
Federal Share of Expend- <u>itures</u>	5,875,337	12,280,411
State Share of Expend- <u>itures</u>	1,175,070	2,444,315
Eligible Expend-	7,050,407	14,724,726
Due From Grantor July 1,	43,602	43,602
Award	7,907,000	•,
Grant Number	CS020001-03-0 \$	
Catalog of Federal Domestic Assistance Number	66.458	
Federal Grantor / Program Title	U. S. Environmental Protection Agency-Major programs: Capitalization Grants for State Revolving Fund Capitalization Grants for State Revolving Fund	Total Federal Awards

Notes:

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Alaska, Department of Environmental Conservation Alaska Clean Water Pund and is presented on the accural basis of accounting. The information in this schedule is presented in accordance with the requirements disbursements for loans to be repaid be recorded as receivables, expenses included in the financial statements are less than expenditures presented in this schedule. The federal and State shares of capitalized loans totaled \$12,019,369 and \$2,403,879 respectively, for FY05. These amounts are recorded as increases in loans of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Because generally accepted accounting principles dictate that receivable in the financial statements but are included as expenditures in this schedule.

(2) Reconciliation of Due from Grantor at June 30, 2005:

	•	֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֡֓֓֓֓֓֡֓֓֡֓֡	\$
 Due from federal government per Statement of Net Assets	Due from federal government for administrative sctasides	Accounted for in other fined	plint fairly to the fact that the

FEDERAL SINGLE AUDIT REPORTS

MIKUNDA, COTTRELL & CO.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
3601 "C" Street, Suite 600 • Anchorage, Alaska 99503
(907) 278-8878, Fax (907) 278-5779

www.mcc-cpa.com

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

State of Alaska
Department of Environmental Conservation,
Division of Water

We have audited the financial statements of the Alaska Clean Water Fund (the ACWF), an enterprise fund of the State of Alaska, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the ACWF's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ACWF's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

State of Alaska
Department of Environmental Conservation,
Division of Water

This report is intended solely for the information and use of the State of Alaska Department of Environmental Conservation and the U.S. Environmental Protection Agency and is not intended to be and should not be used by anyone other than these specified parties.

Mikunda, Cottrell & Co.

September 16, 2005

MIKUNDA, COTTRELL & CO.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

3601 "C" Street, Suite 600 • Anchorage, Alaska 99503

(907) 278-8878, Fax (907) 278-5779

www.mcc-cpa.com

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

State of Alaska
Department of Environmental Conservation,
Division of Water

Compliance

We have audited the compliance of the Alaska Clean Water Fund (the ACWF), an enterprise fund of the State of Alaska, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The ACWF's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the ACWF's management. Our responsibility is to express an opinion on the ACWF's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the ACWF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the ACWF's compliance with those requirements.

In our opinion, the ACWF complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

State of Alaska
Department of Environmental Conservation,
Division of Water

Internal Control Over Compliance

The management of the ACWF is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the ACWF's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the State of Alaska Department of Environmental Conservation and the U.S. Environmental Protection Agency and is not intended to be and should not be used by anyone other than these specified parties.

Mikunda, Cottrell & Co.

September 16, 2005

Summary Schedule of Prior Audit Findings and Corrective Action Plan

Year Ended June 30, 2005

Summary Schedule of Prior Audit Findings

There were no prior year findings made in accordance with OMB Circular A-133.

Corrective Action Plan

There are no current year audit findings; therefore, no corrective action plan is required.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

	AUDIT COMPONENT	•		AUDIT RESULT
I.	Summary of audit results:			
	Financial Statements:			
	Type of auditor's report issued	:		Unqualified
	Internal control over financial r		•	
	 Material weaknesses identified 	fied?		No
	 Reportable conditions ident 	ified that are not consid	ered	
	material weaknesses?	•	•	None reported
	 Noncompliance material to 	the financial statements	noted?	No
	Federal Awards:		•	
	Internal control over major prog	grams:		
	 Material weaknesses identif 			No
	Reportable conditions ident		ered	. 110
	material weaknesses?	mod that the not conside	.icu	None reported
	Type of auditor's report issued	on major program comp	liance:	Unqualified
	Any audit findings that are required in accordance with section 5	ired to be reported 510(a) of OMB Circular	1-133	No
	Major Program:			
	Agency	CFDA Number	Prog	ram
	U.S. Environmental Protection Agency	66.458	_	ion Grants for olving Fund
	Dollar threshold used to distinguis Type A and Type B programs	h between		\$ 300,000
	Auditee qualified as low-risk?			Yes
II.	Findings relating to the financial be reported in accordance with (l statements which are Government Auditing S	required to Standards	None reported
III.	Federal awards findings and qu	estioned costs		None reported